



# Micron Technology, Inc.

## 2014 Summer Analyst Conference

# Safe Harbor

During the course of this meeting, we may make projections or other forward-looking statements regarding future events or the future financial performance of the Company and the industry. We wish to caution you that such statements are predictions and that actual events or results may differ materially. We refer you to the documents we file on a consolidated basis from time to time with Securities and Exchange Commission, specifically our most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause our actual results on a consolidated basis to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at <http://investors.micron.com/riskFactors.cfm>. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of the presentation to conform these statements to actual results.



# Mark Durcan

## CEO

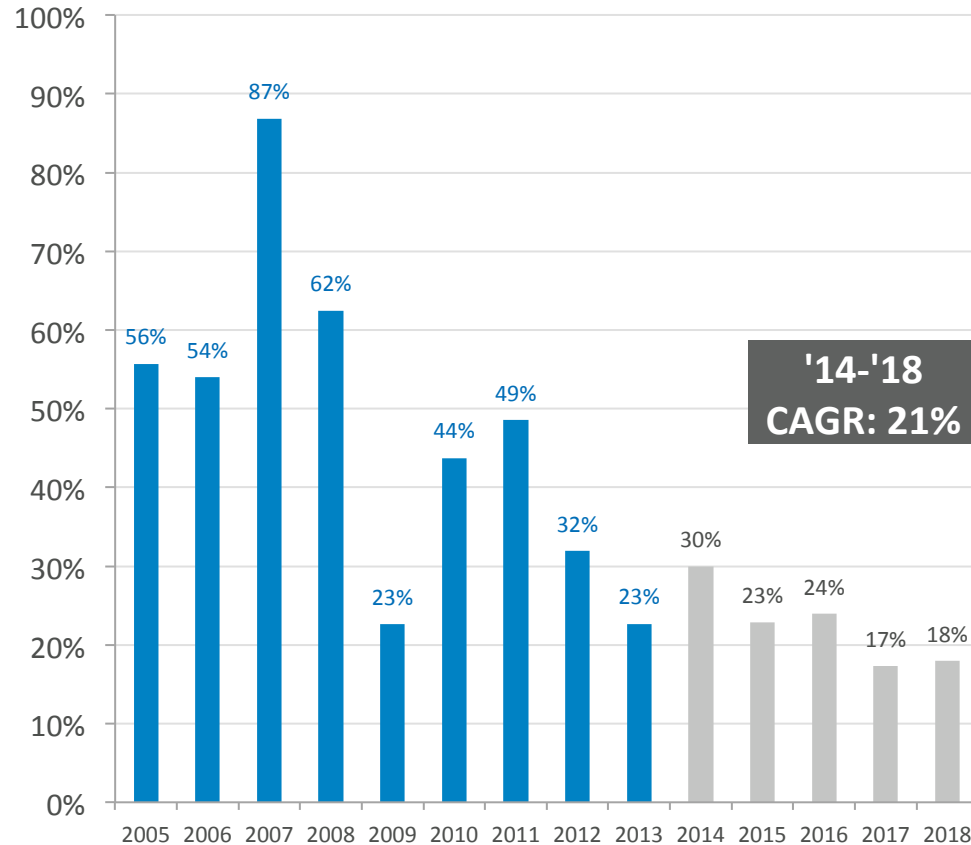
# Presentation Overview



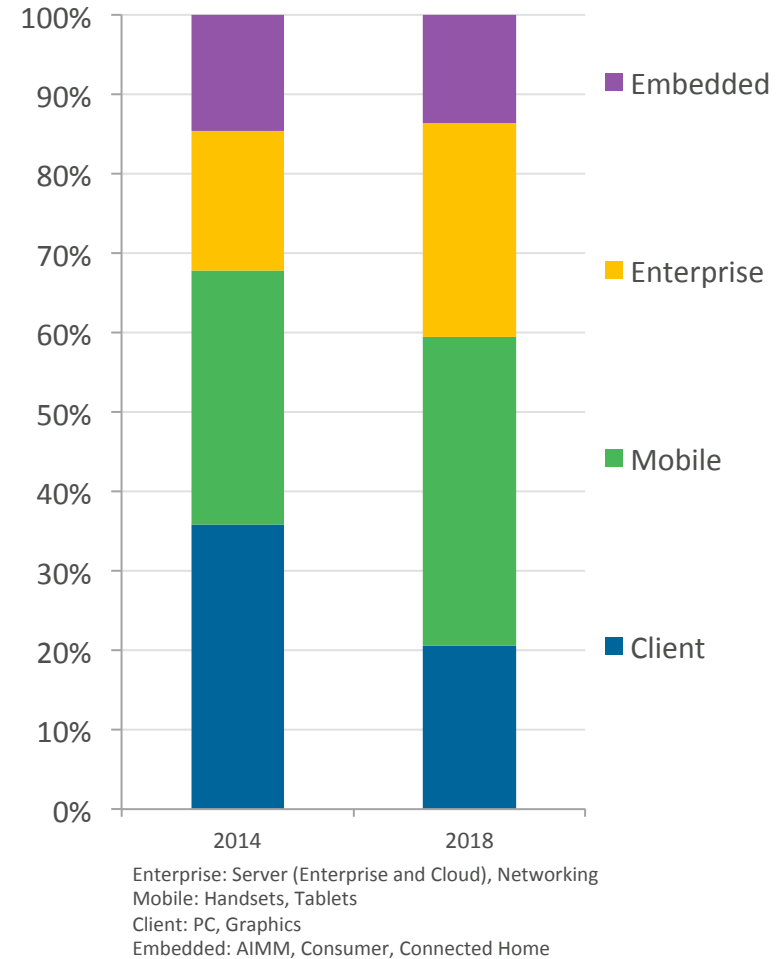
- Memory Industry and Investment Priorities
- Operational Focus
- Technology
- Key Market Segments and Micron Positioning
- Storage Business Unit
- Financial Performance and Capital Allocation
- Summary

# DRAM Supply Growth Slowing, Continued Shift to Mobile and Enterprise Segments

## DRAM Industry Y/Y Bit Shipment Growth



## DRAM Bit Demand Profile

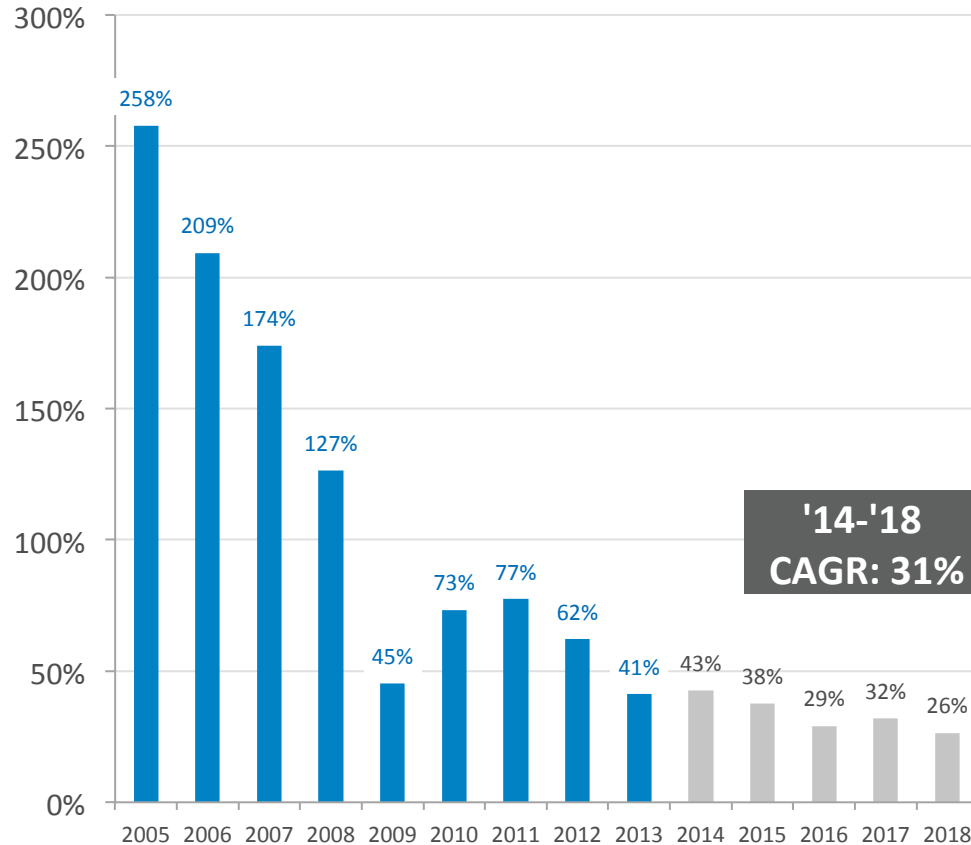


Major suppliers: 6 in 2005 down to 3 in 2013

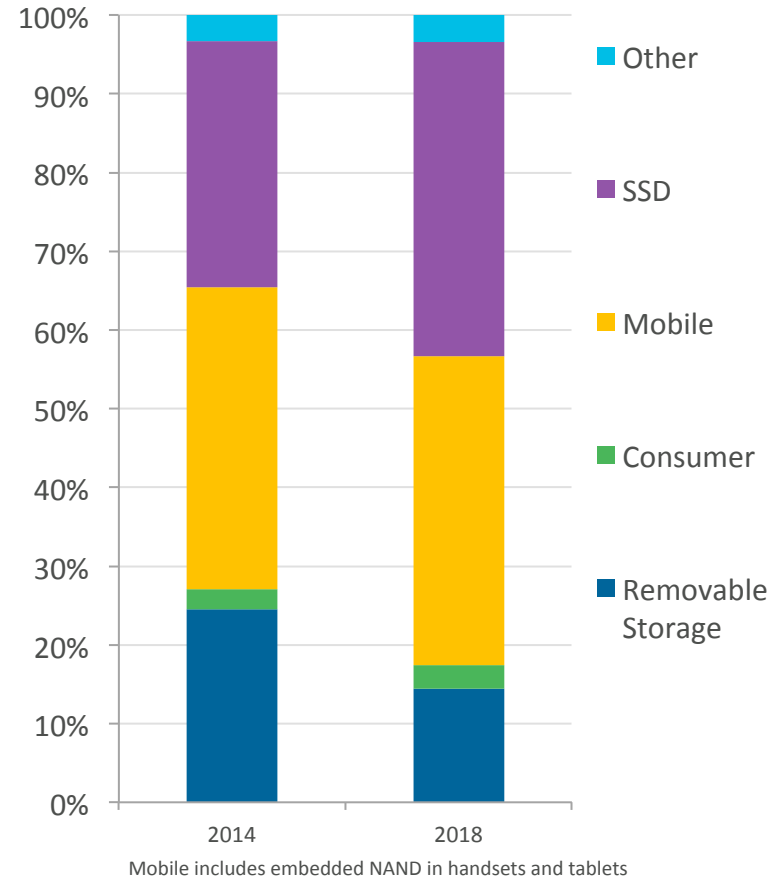
Source: Micron and Industry Analysts

# NAND Supply Growth Slowing, Further Increase in SSD Demand

## NAND Industry Y/Y Bit Shipment Growth



## NAND Bit Demand Profile



## NAND supplier landscape unchanged

Source: Micron and Industry Analysts

# Memory Market Conditions

- Suppliers with sufficient scale
- Return-focused investment and supply environment

**Consolidated  
suppliers**

- Limited new wafer capacity
- Slowing technology migrations

**Low supply  
growth**

- Differentiated products
- System solutions
- Diversified customers
- Broadening applications

**Diversifying  
demand**

## Favorable Memory Market Conditions

# Capital Allocation

**Investment for  
manufacturing  
and technology  
efficiency**

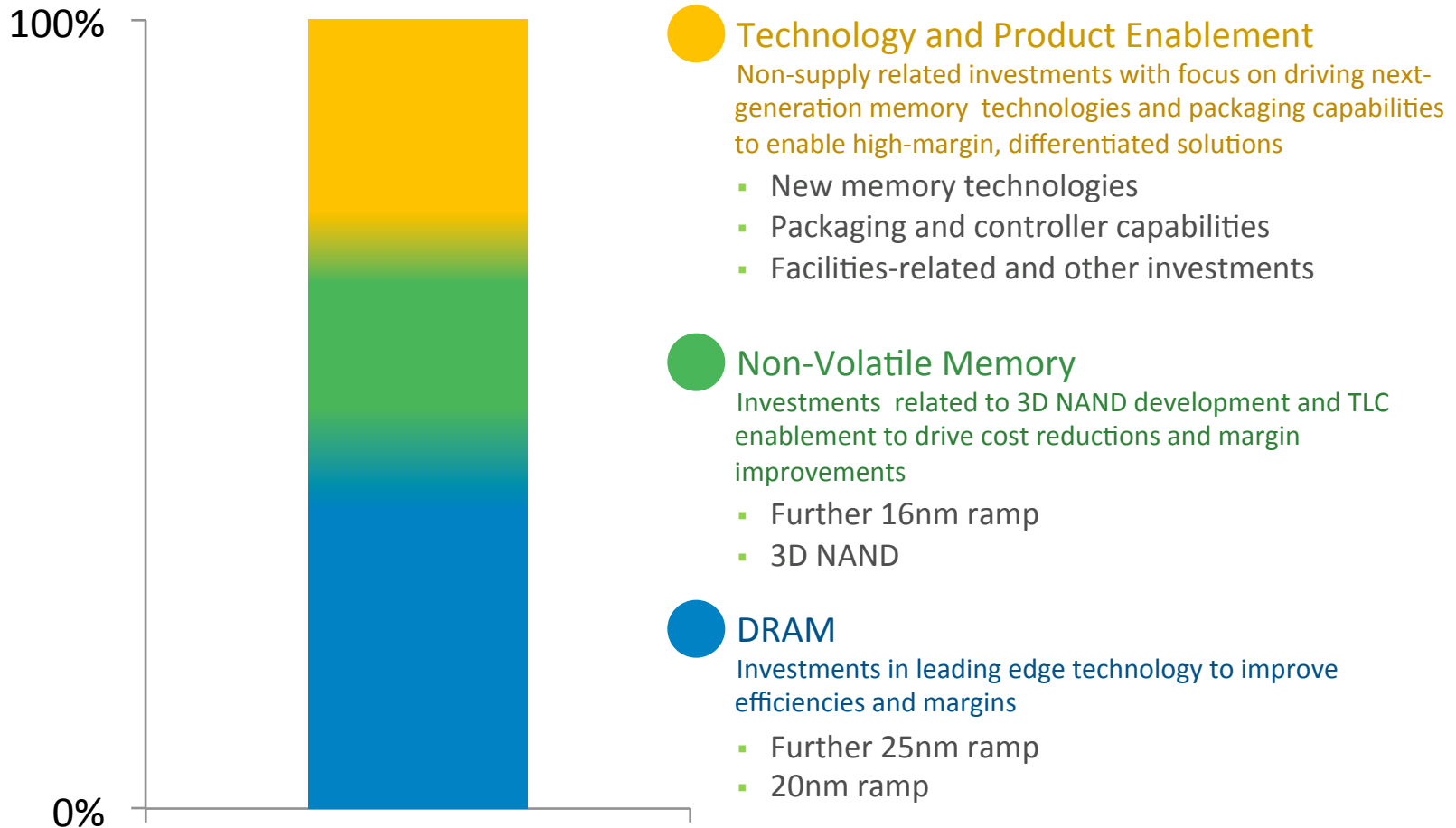
**Investment for  
value-added  
solutions**

**Return excess  
capital to  
shareholders**



# FY 2015 CapEx Guidance: \$3.6B to \$4.0B

## Planned FY 2015 CapEx Breakdown



Flexible, Return-Focused Capital Expenditure Plan



# Mark Adams

## President

# Five Big Technology Trends

## NETWORKING



## MACHINE TO MACHINE



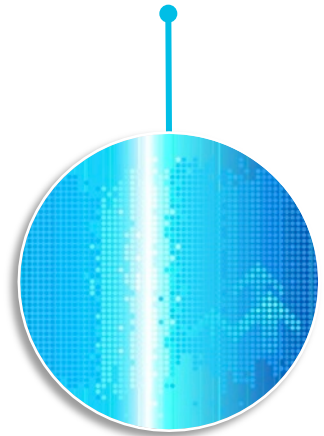
## MOBILE



## CLOUD



## BIG DATA



# Operational Priorities

## Technology Development and Deployment

- DRAM 25nm conversion and 20nm ramp
- NAND 16nm planar conversion and introduction of 3D NAND
- TLC deployment for cost-sensitive applications
- New memory technologies
- Advanced packaging and controllers

## Manufacturing and Process

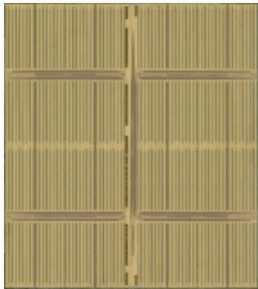


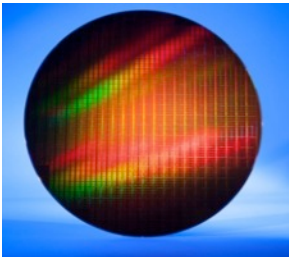
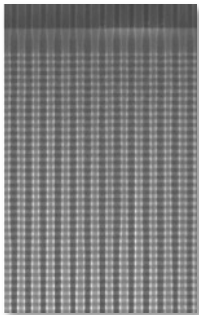

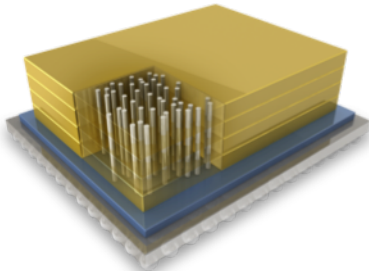
- Improve manufacturing efficiency
- Product mix management

## System Solutions

- Storage
- HMC/In-Package memory

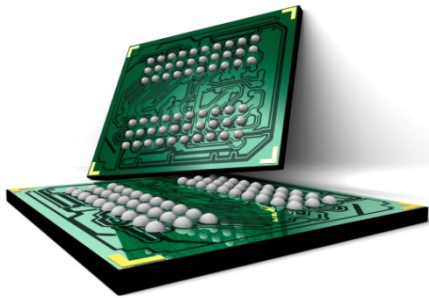
Driving to Become the World's Best Memory Company

# Technology Areas of Focus

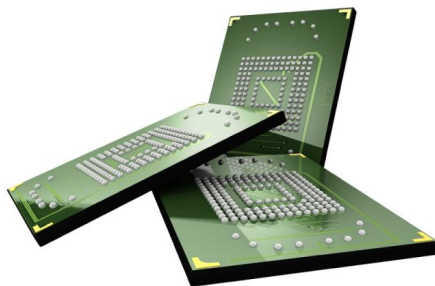
	Executing on Today	Preparing for Tomorrow
<b>DRAM</b>	<p>25nm DRAM conversion</p>  <p>25nm DRAM</p>	<p>20nm DRAM</p>  
<b>NAND</b>	<p>Continued execution of capital efficient 16nm planar NAND conversion</p>  <p>16nm Planar NAND</p>	<p>TLC &amp; 3D NAND</p> 
<b>New Memory and Advanced Packaging</b>	<p>Advanced packaging development to deliver high-value system solutions</p> 	

# Memory System Trends

## Mobile

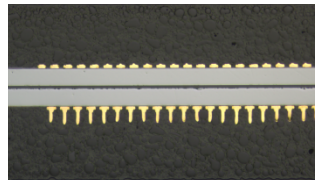


LPDRAM

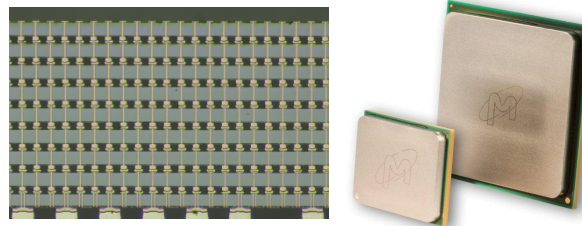


eMMC

## Enterprise DRAM

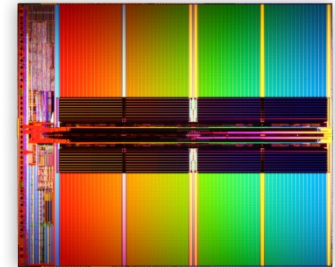


Dual Die Package

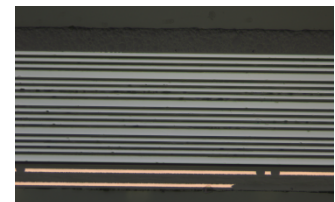


Hybrid Memory Cube

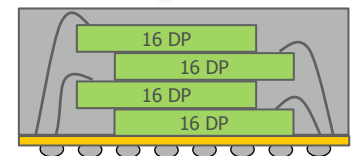
## NAND



3-bit-per-cell MLC



16 Die Package



4X16 Die Package



# Manufacturing and Process Areas of Focus

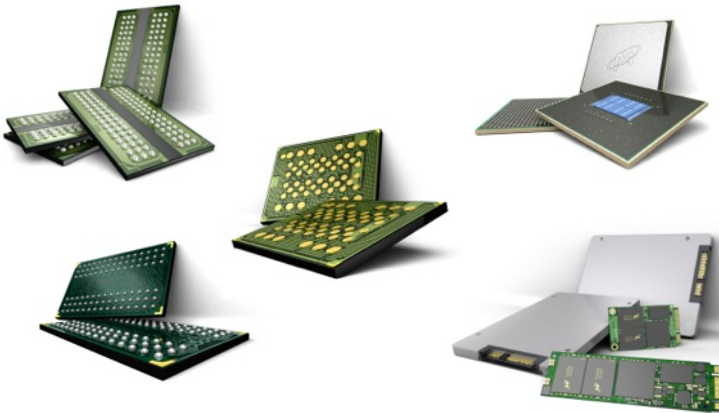


## Operational Efficiency

- Throughput improvement at MMJ
- Fab synergies for NAND operations in Singapore
- Optimize clean room space across fab network

## Product Mix Management

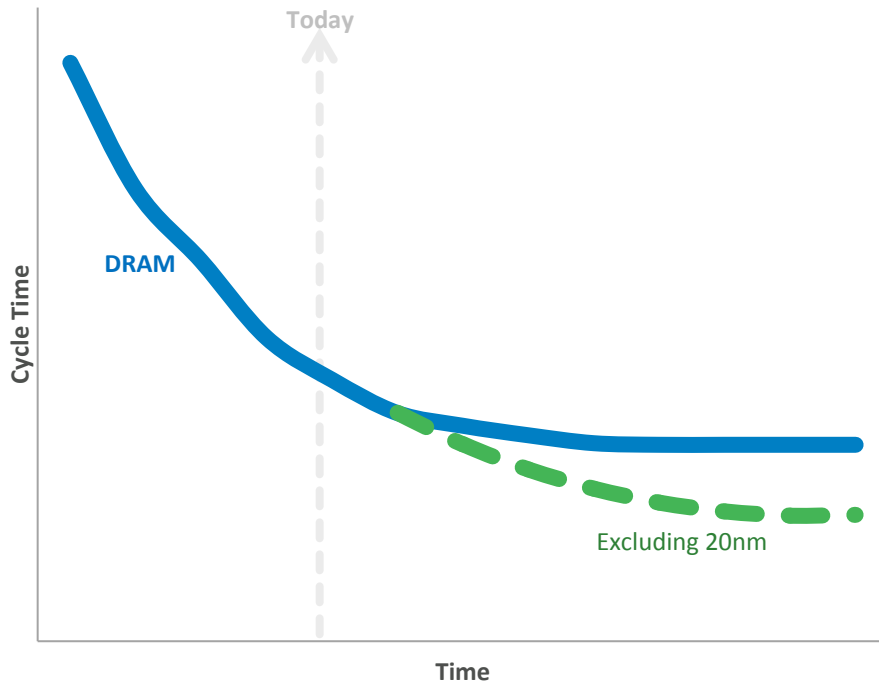
- Flexible capacity
- Address key growth markets
- Balance maximizing margins short-term and long-term



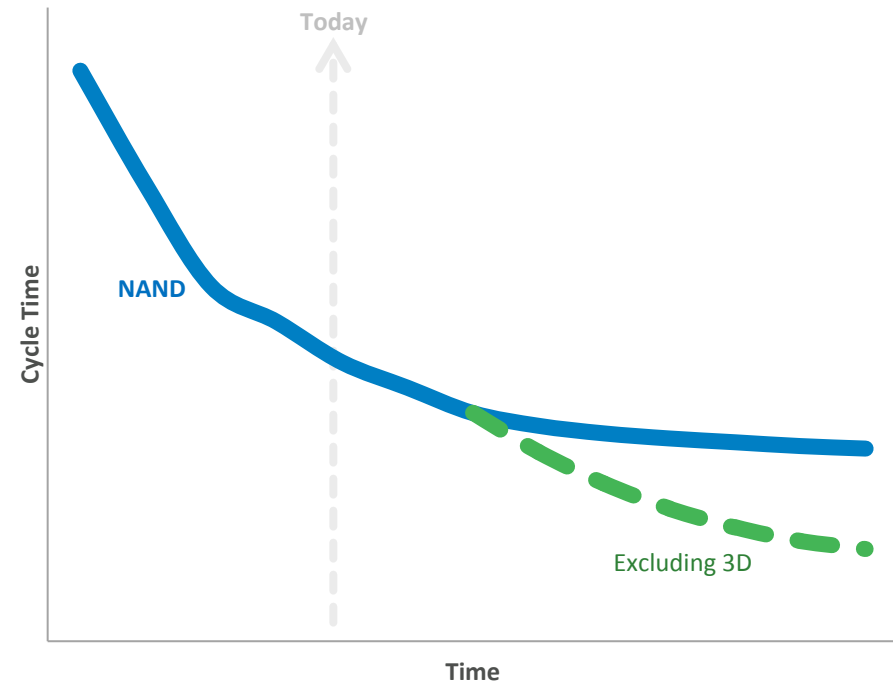
# Operational Efficiency

## Driving to Best-in-Class Cycle Time

DRAM Cycle Time



NAND Cycle Time

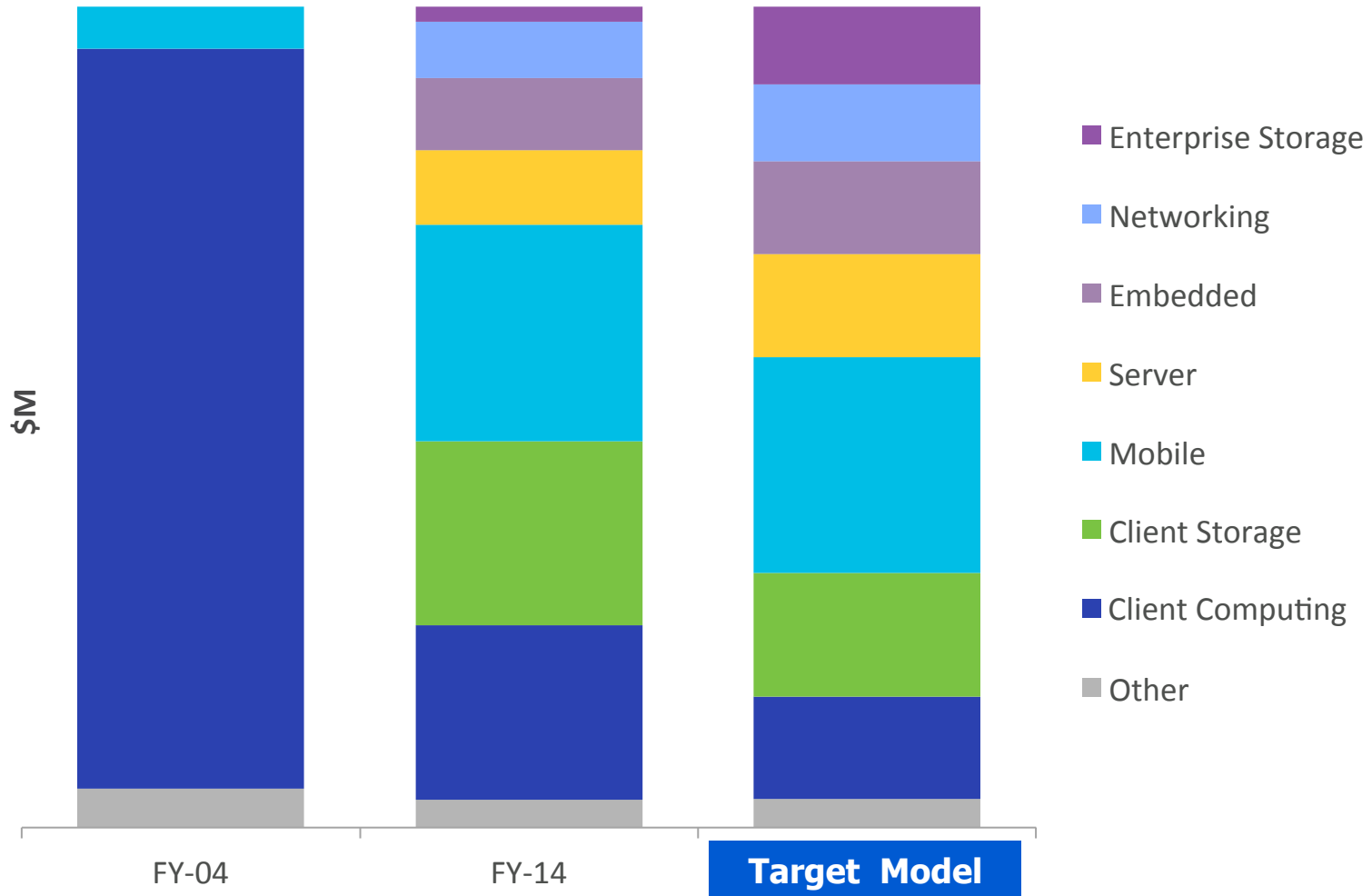


- Micron achieving cost reductions through cycle time improvements
- Industry supply growth slowing as advanced process complexity drives longer cycle times

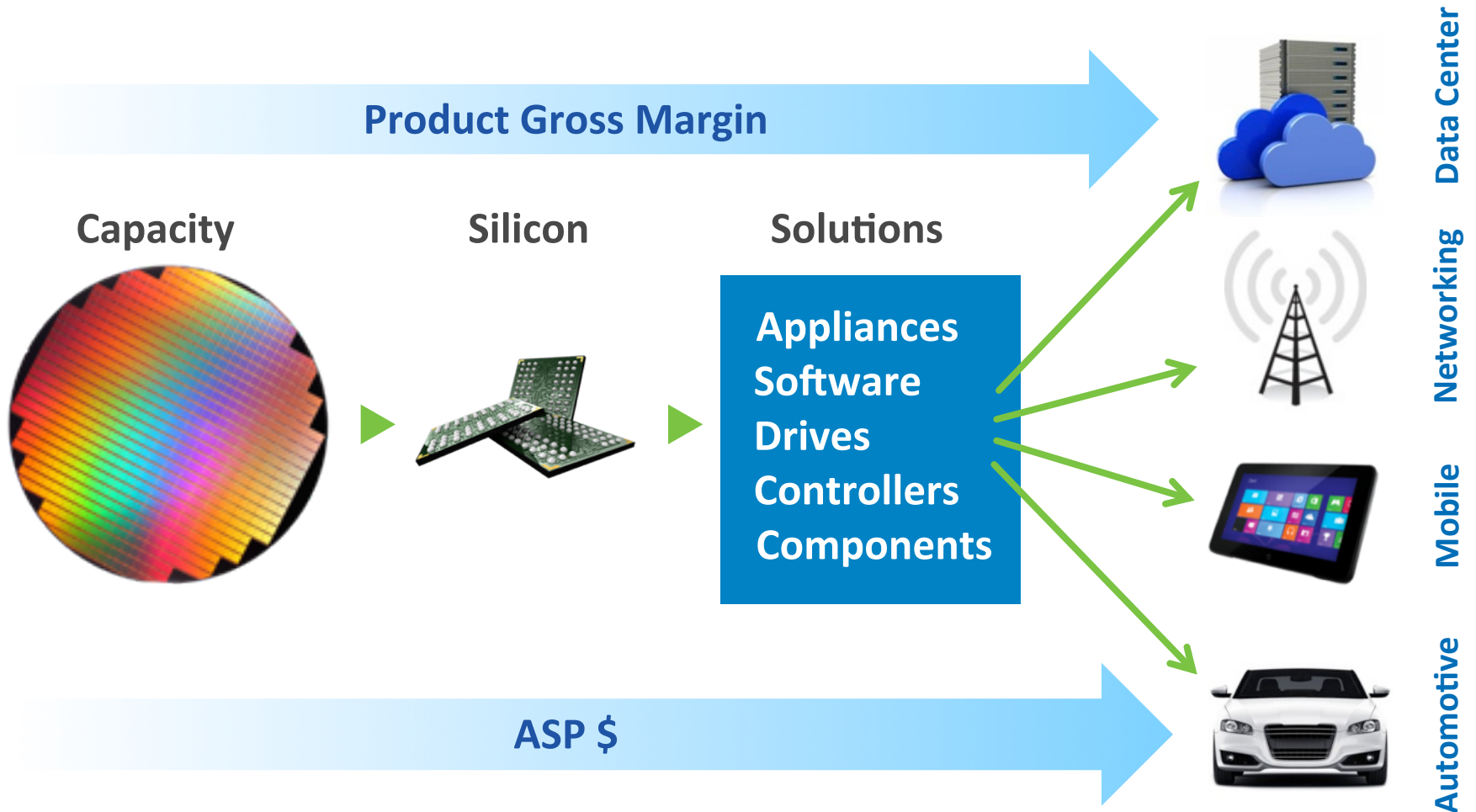


# Product Mix Management

## Diversified End-Market Applications



# System Solutions – Moving Up the Value Chain





POWERING  
**CUSTOMER**  
INNOVATION

# Q&A

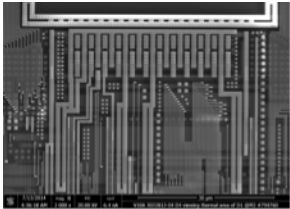

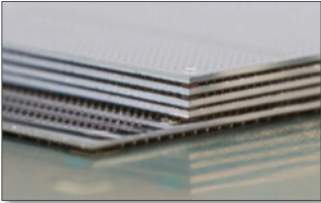
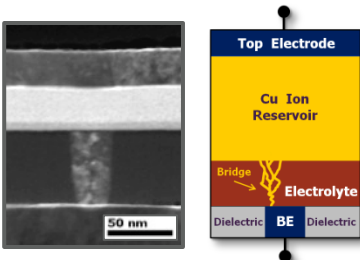


TECHNOLOGY

**Scott DeBoer**

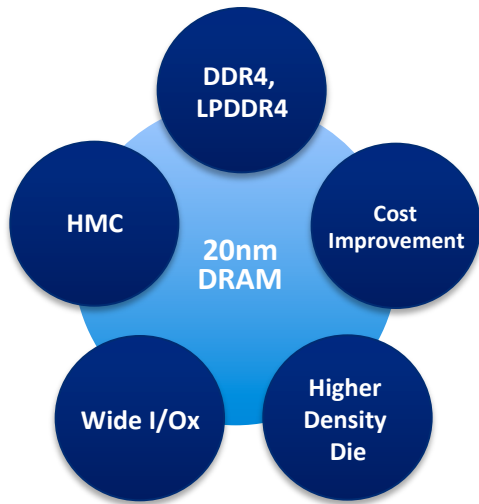
VP of R&D

# 1H14 Technology Highlights

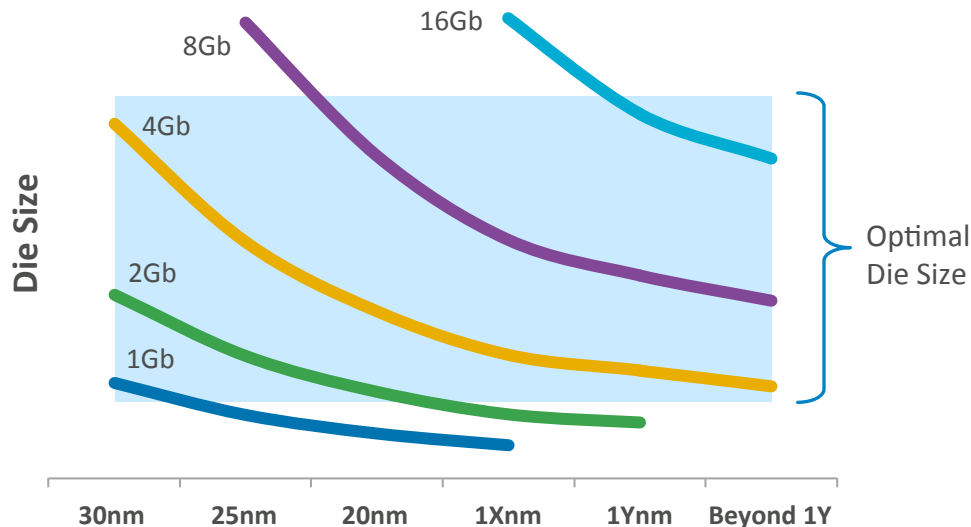
<b>DRAM</b>	 <p>1Xnm DRAM</p>	<ul style="list-style-type: none"> <li>Continued strong progress for 20nm yield ramp in Hiroshima</li> <li>1Xnm/1Ynm nodes under development in Boise</li> </ul>
<b>NAND</b>	 <p>2014 Semiconductor of the Year</p> <p>2014 Most Innovative Memory Device</p>	<ul style="list-style-type: none"> <li>Micron's 16nm NAND wins Tech Insights award for 2014 Semiconductor of the Year</li> <li>3D NAND on track for production in mid 2015</li> </ul>
<b>Package Technology</b>	 <p>HMC Packaging</p>	<ul style="list-style-type: none"> <li>Focus on customer enablement continues through 2014</li> <li>3D package technology maturing, with low-volume manufacturing in 2015</li> </ul>
<b>New Memory Technology</b>	 <p>Resistive RAM</p>	<ul style="list-style-type: none"> <li>Multiple technology paths under active development</li> <li>Targeting 2015 and 2017 for first manufacturing introductions of next new memory technologies</li> </ul>

Images are not to scale

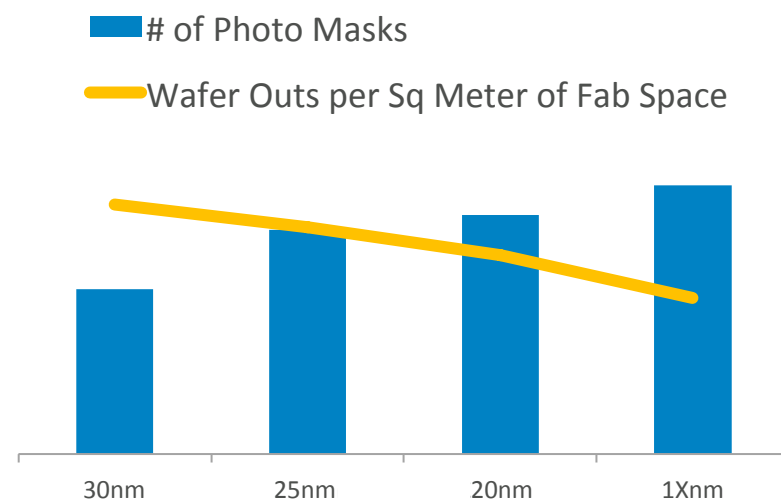
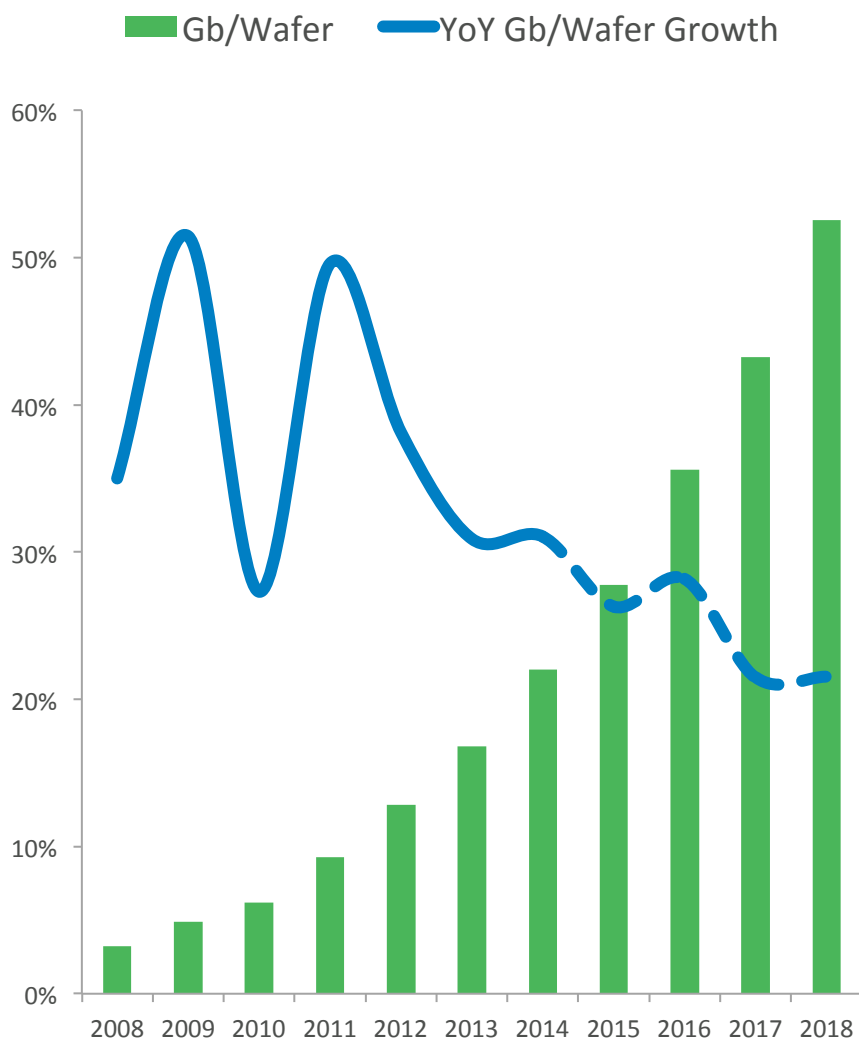
# DRAM 20nm and Beyond



- 20nm transition focused on enablement of differentiated memory products
  - Prioritizing high density, HMC and advanced mobile products
  - 2015: 20nm production in two fabs
- Focus on enablement of at least two process nodes beyond 20nm



# DRAM: Complexity Creating Barriers to Supply Growth



## Increased DRAM Scaling Complexity Beyond 25nm

- Process node transitions becoming less effective
- Products on legacy nodes growing in importance
- Conversions now driven by key product feature enablement

Source: Micron and Industry Analysts

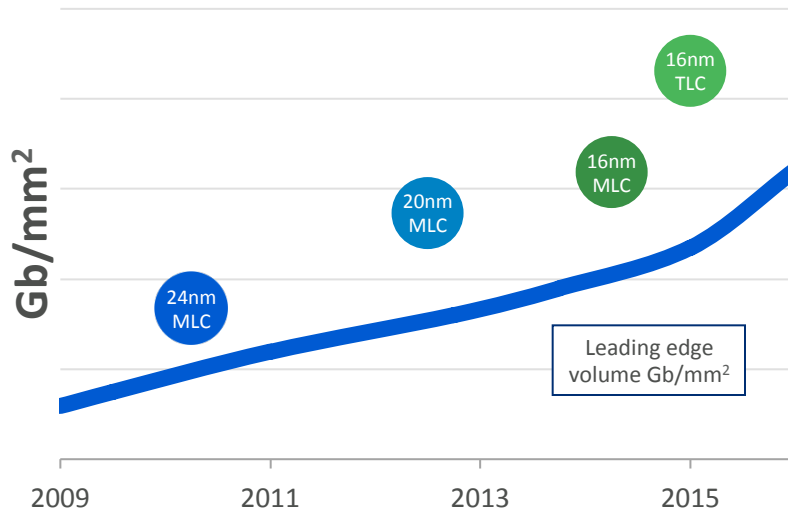


# NAND Technology Transition

Planar



3D NAND



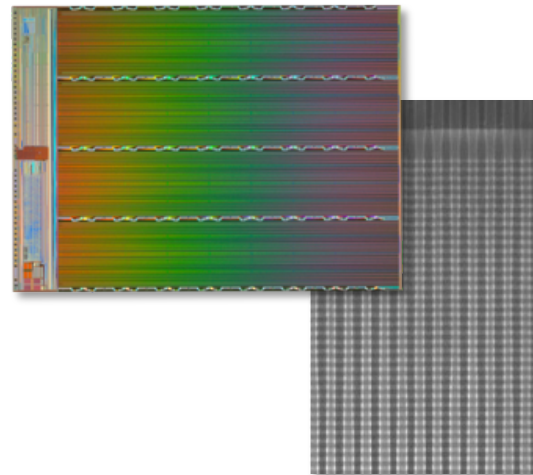
## 16nm MLC

- Optimized cost, performance, density options, and reliability
- Most rapid yield ramp in Micron NAND history

## 16nm TLC

- Final planar technology for volume production
- End of planar roadmap enables shift of focus to 3D NAND

- First product will be 32-Tier, MLC, 256 Gb die
- TLC to follow immediately, targeted at high performance SSDs
- Micron/Intel process architecture targeted to achieve highest bits per mm<sup>2</sup> of any vertical NAND solution



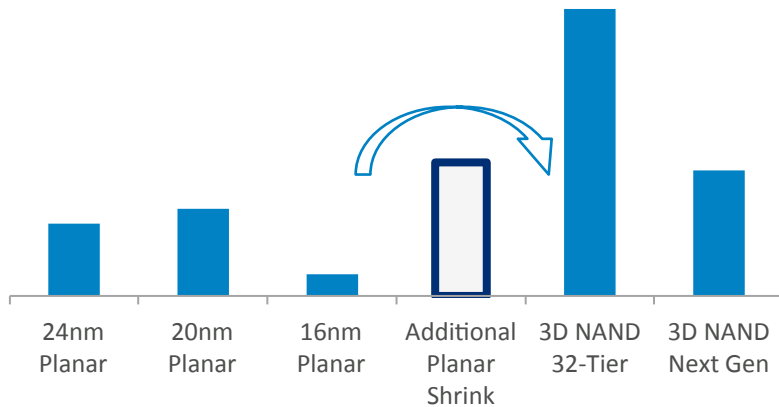
32 Tier 3D NAND

Next Generation 3D NAND



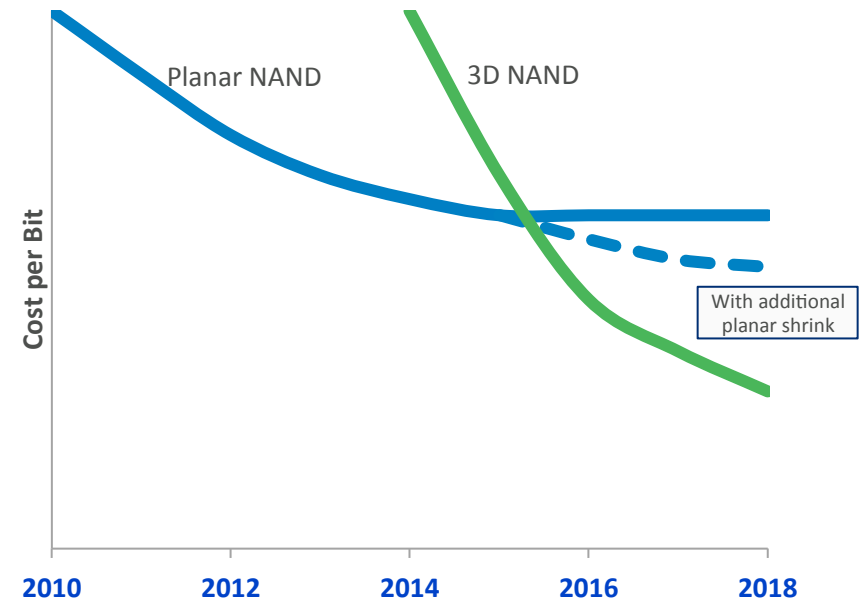
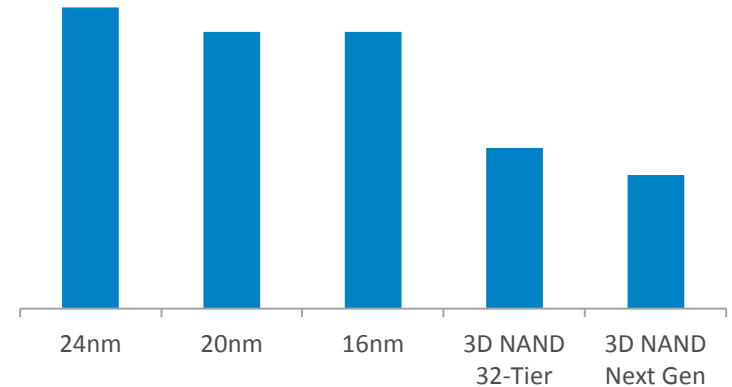
# NAND Complexity and Cost

## Cost of Node Transition

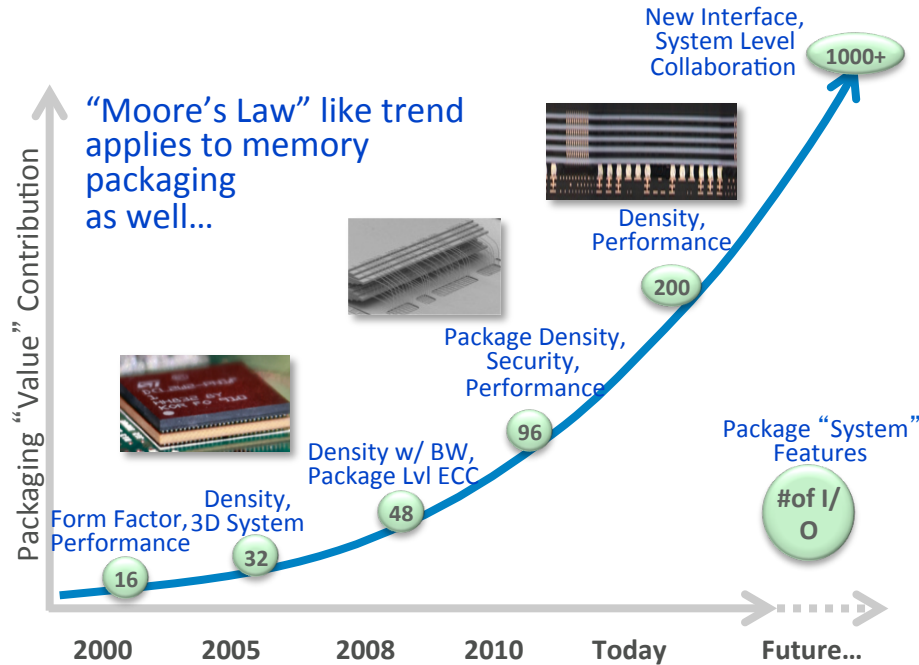


- Significant cost and space considerations for 3D NAND transition
- Additional planar shrink significantly higher transition cost relative to Micron's 16nm
- Combination of 16nm performance and confidence in 3D NAND result in choice of 16nm as final planar node
- Micron 32-tier 3D NAND cost cross over with 16nm planar TLC expected in late 2015
- Strategy enables continued leading edge Gb/mm<sup>2</sup> leadership

## Wafer Outs per Square Meter Fab Space



# 3D Packaging and New Memory Technologies



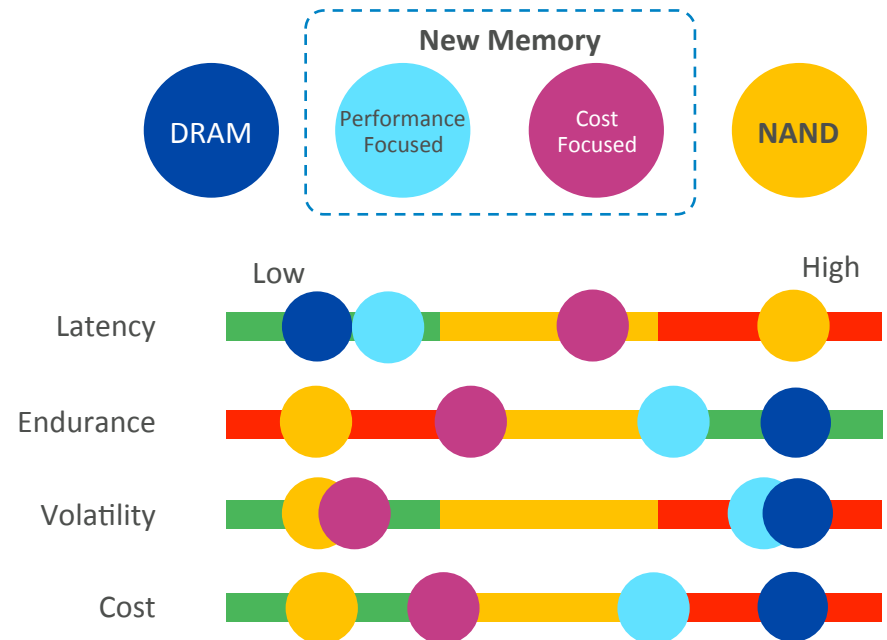
## 3D Packaging

- Increased importance as an enabler of form factor and system performance
- Novel packaging enables increased interaction between memory and processor

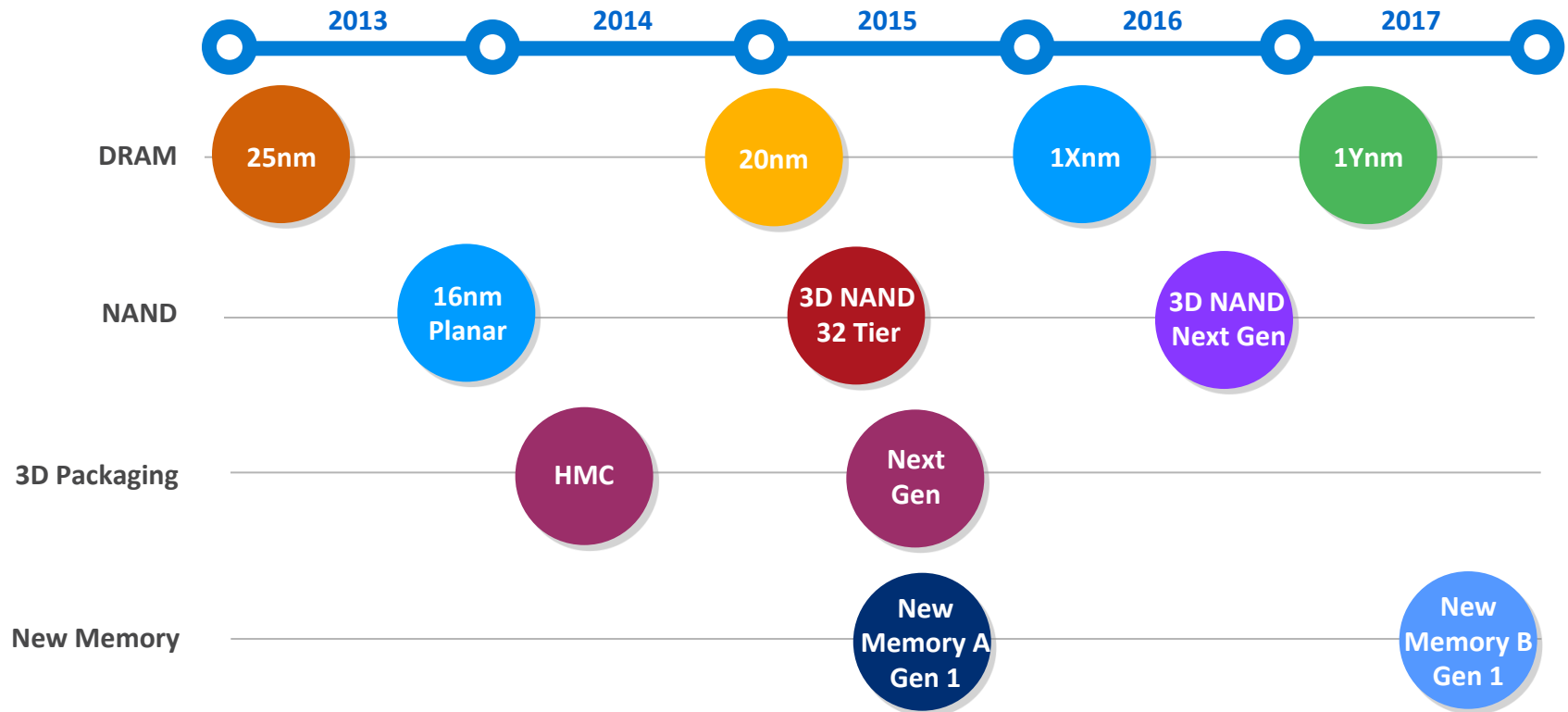
## New Memory

- Gap exists between DRAM and NAND on spectrum of Capacity and Latency
- New memory products targeted to bridge the gap

**Balancing Value:** Latency, Endurance, Volatility, Cost



# Memory Technology Timelines



Position in time indicates expectation of volume capability

- Increased focus on DRAM technology position driving faster introduction cadence
- Enable volume 3D NAND manufacturing capability through 2015
- 3D Package technology enablement for multiple differentiated opportunities
- Establish disruptive new memory technology and position for ramp in 2016



P O W E R I N G  
**CUSTOMER**  
I N N O V A T I O N

# Q&A



**MARKETS**

**Brian Shirley**

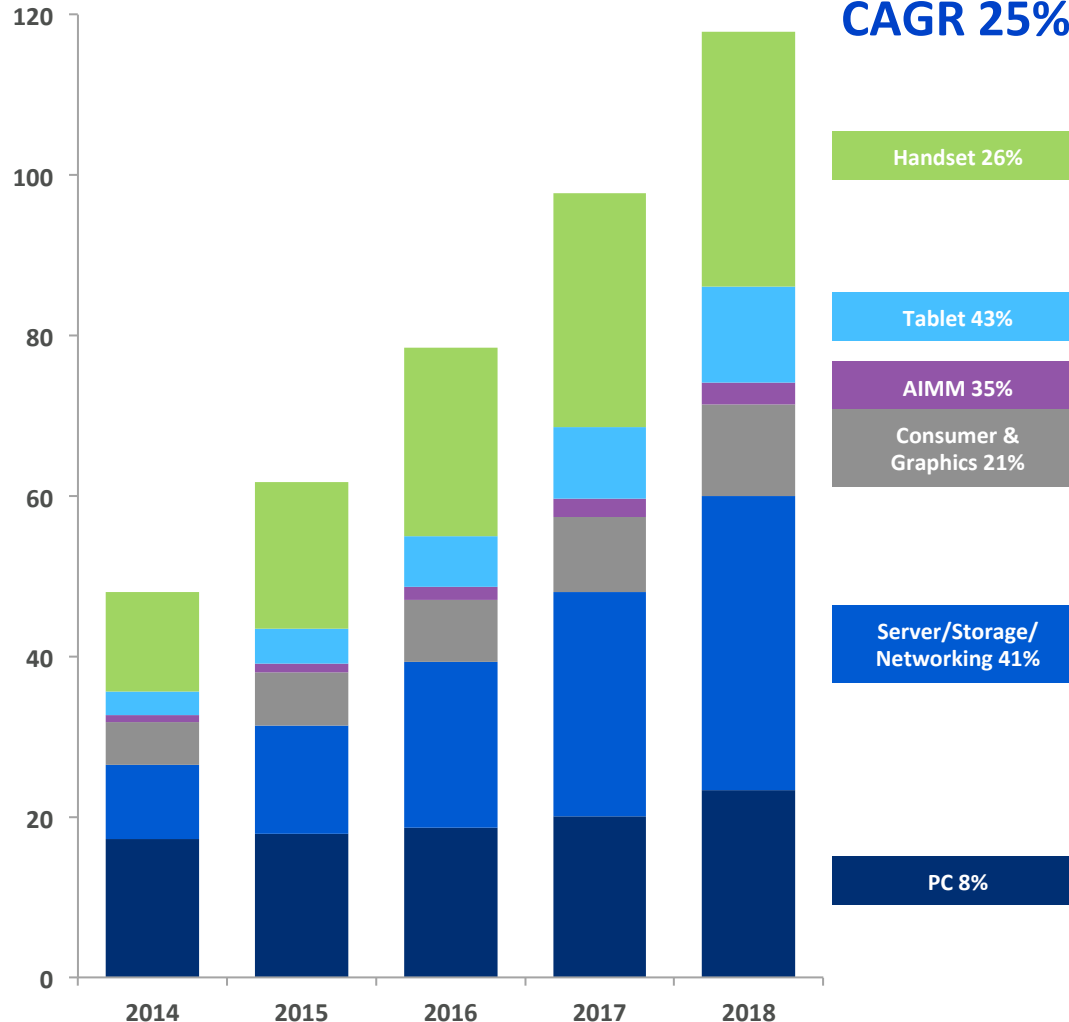
VP Memory Technology & Solutions

# Industry DRAM Demand Bit Mix Assumptions

DRAM Bit Demand (B Gb EU)

Segment; '14-'18

**CAGR 25%**



## Mobile

- Immersive and responsive mobile experience for users driving longer battery life and security
- Faster networks driving data consumption

## Enterprise

- Real-time data analytics driving high capacity memory demand
- Ubiquitous connectivity increasing networking innovations
- Software defined storage enabling virtualized data center architecture

## Client & Graphics

- Connected user experience driving innovation in form factor
- Ultrathin Notebooks with 8h battery life driving low-power solutions
- High resolution displays (4k, Retina, Iris, ...) driving high-speed graphics solutions

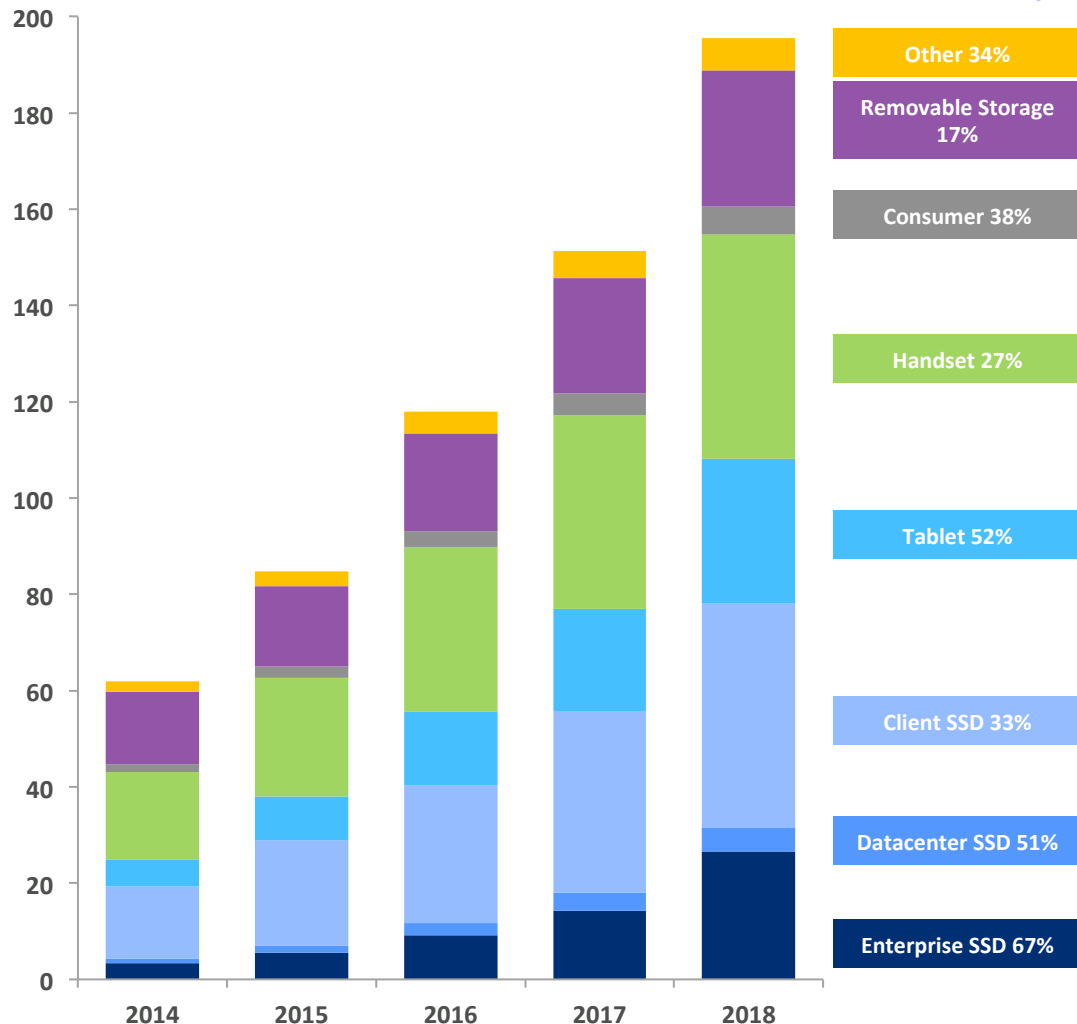
Source: Micron and Industry Analysts

Tablets contain a mix of mobile DRAM, standard DRAM, and reduced-power solutions  
Upgrade modules included with PC

# Industry NAND Bit Mix Assumptions

NAND Bit Demand (B GB EU)

Segment '14-'18  
**CAGR 38%**



## Embedded

- Connected Infotainment systems fueling growth in storage
- STBs evolving to smart hubs, driving new needs for storage

## Mobile

- Smartphone market bifurcating into high-end and low-end sub-segments
- Media (photos, videos, music) driving explosive need for storage

## Client

- Connected user experience driving innovation in form factor
- Mobility and always-on-always-connected necessitating reliable storage

## Enterprise

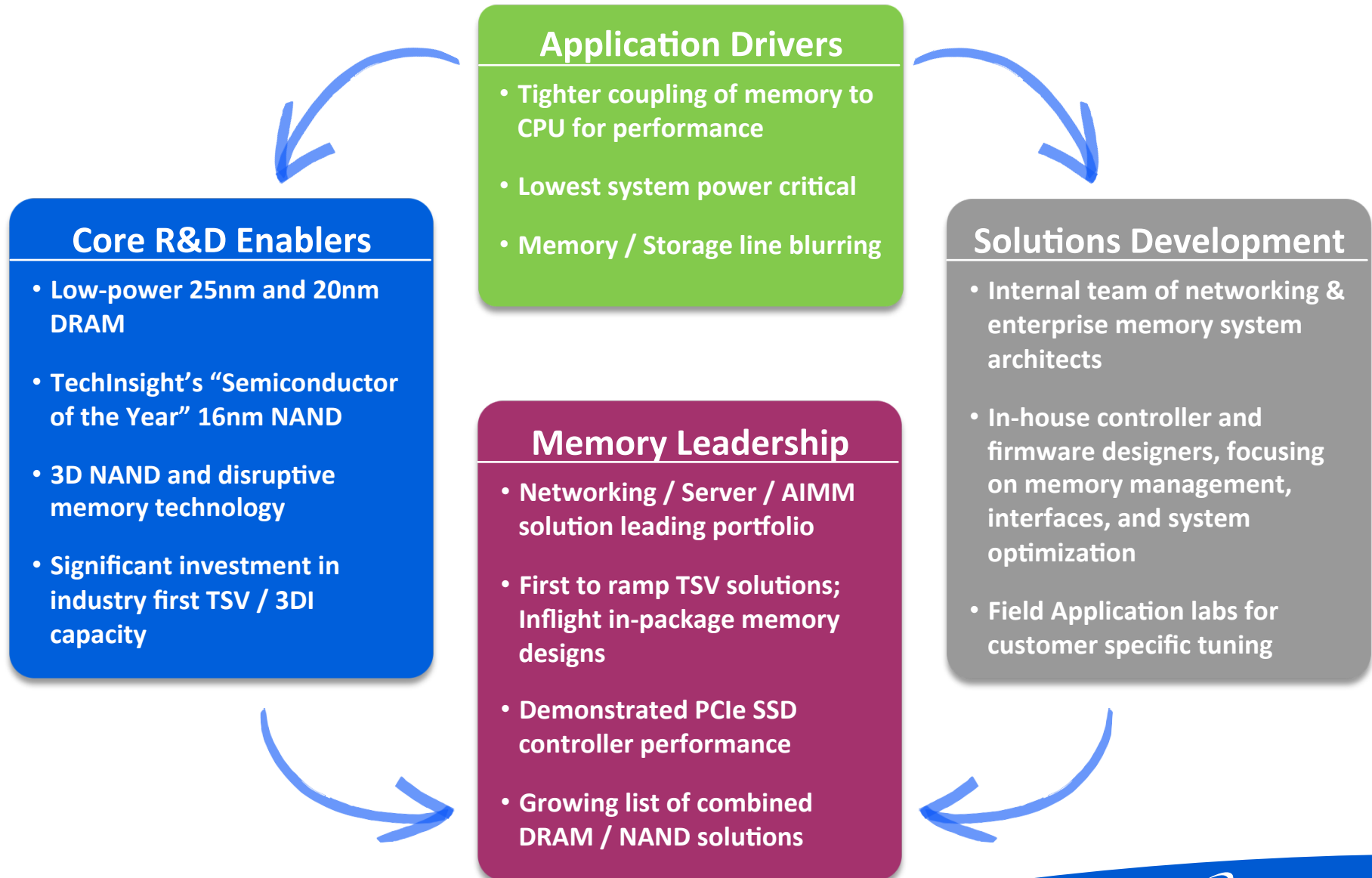
- SSD's moving beyond caching to hot-data layer
- Flash Controller & Firmware integration targeting scaling challenges

Tablet includes tablets with SSDs  
Other includes H-HDD, Enterprise IDC/OEM, AIMM, Networking, Other  
Consumer includes MP3/PMP, DSC, DVC, Gaming, Graphics, Printer, and Other Consumer

Source: Micron and Industry Analysts

# Micron Memory Solutions

## Sustained Profitability by Specializing for the Application



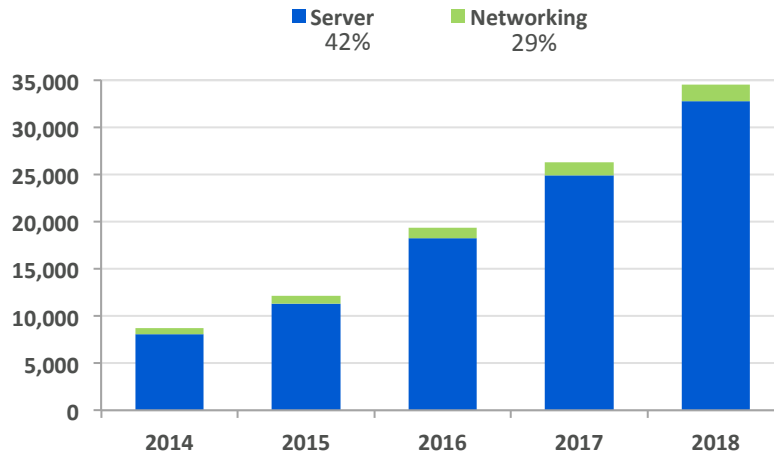


# Enterprise Memory Segment

## High-Performance Computing and Networking

### Enterprise DRAM Market TAM (M 1Gbe)

CAGR '14-'18: 41%



Source: Micron and Industry Analysts

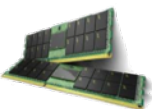
### Application Drivers

- Explosive public cloud memory growth
- Real time in-memory analytics
- LTE worldwide roll-out
- Next generation ethernet IP connectivity

### Micron Technology Enablers

- High speed & abstracted interface capability
- Enterprise Class 25nm and 20 nm process
- Through-Silicon Via (TSVs) and 3Di interconnect

#### Mainstream DDR3/4



- Full LRDIMM portfolio
- 25nm 8Gb based DDR3/4

#### Hybrid Memory Solutions



- Unprecedented bandwidth
- Tight CPU/Memory coupling

#### NVDIMM



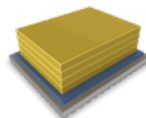
- Enabling persistent memory
- Data-loss prevention, cache tiering

#### RLDRAM3 +



- Leading high-speed Networking solution
- Unmatched density and latency

#### In-Package Memory



- Reduced energy per bit
- Driving improved latency

#### Automata Processor

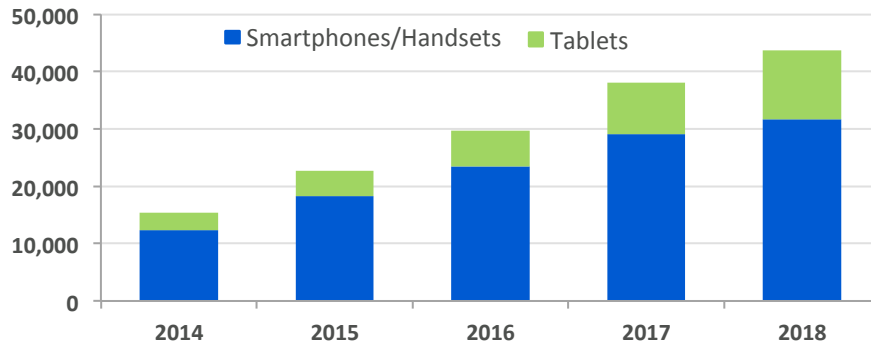


- Massively parallel DRAM-compute architecture
- Targeting graph analytics for HPC

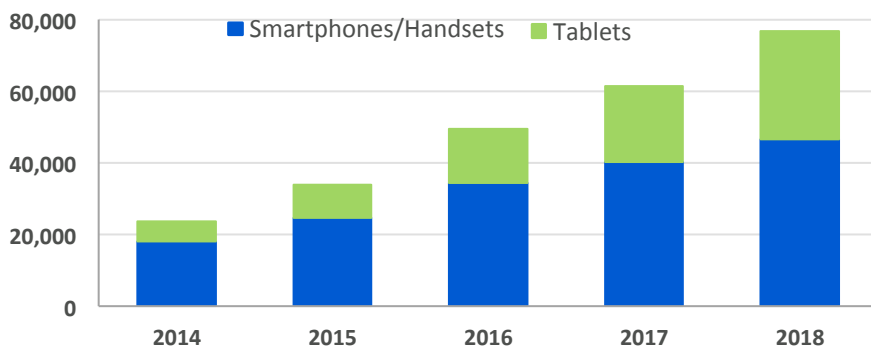
# Mobile Segment

## Evolving Product Segmentation

**Mobile DRAM Market TAM (M 1Gbe)**  
CAGR '14-'18: Handset 26% & Tablet 43%



**Mobile NAND Market TAM (M 1GBe)**  
CAGR '14-'18: Handset 27% & Tablet 52%



Source: Micron and Industry Analysts

### Application Drivers

- Carrier Aggregation, LTE-A, CSV consolidation
- Mobile application usage / content growth
- Real-time camera app usage
- 4k camera / playback on horizon

### Micron Technology Enablers

- Optimized low-power DRAM process and circuit design
- *TechInsights* "Semiconductor of the Year" – 16 nm technology
- Package Technology Leadership enabling advanced form factors

#### LPDRAM



- Leading LPDDR portfolio
- Advance LP4 products shipping
- Low Power DRAM roadmap leadership

#### eMMC



- 5.0/5.x/UFS
- Higher density volume trend
- Target high end segment

#### eMCP



- Performance and capacity in smaller form factor
- Volume trend for lower end segment

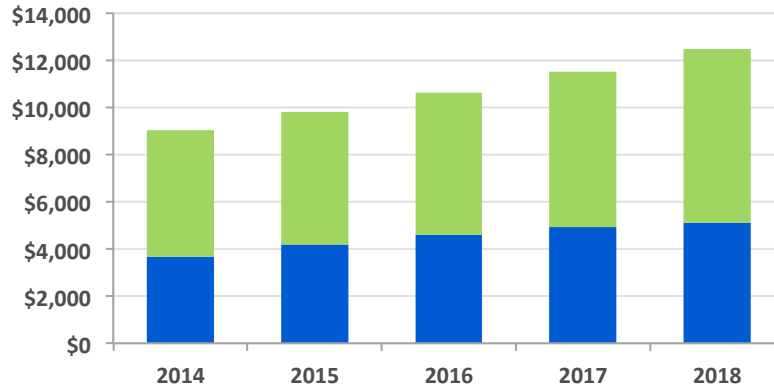
# Embedded Segment

## Automotive, Connected Home, Consumer, Industrial & Multi-Market

### Embedded Market TAM (M\$)

CAGR '14-'18: 8%

■ AIMM 9%  
■ Consumer/Connected Home 8%



Source: Micron and Industry Analysts  
\$TAM includes all memory (DRAM, NAND, NOR)

### Application Drivers

- Quality, reliability and product longevity
- Wide operating temperature ranges and usages
- High bandwidth memory and storage

### Micron Technology Enablers

- Auto-grade DRAM/eMMC/NAND/NOR
- Industry's broadest lineup of memory solutions
- 45 nm NOR flash on 300 mm

#### Automotive DRAM



- Connected Infotainment
- Developed especially for high reliability and wide temps

#### Auto/Industrial eMMC



- Apps fueling storage growth
- Tuned to new usage models

#### Systems Laboratories



- Collaborating with customers
- Deeper understanding of usage

#### Product Longevity Program



- PLP addresses rising cost of obsolescence management
- First memory vendor to deploy

#### Serial NOR and NAND

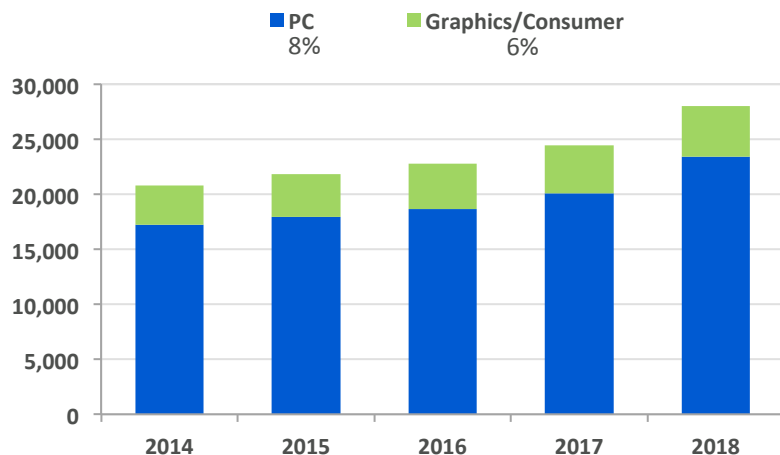


- Low pin count reduces system complexity
- From 512K to 4Gb

# Client Memory Segment

## Standard and Ultrathin PCs, High-End Graphics

Client DRAM Market TAM (M 1Gbe)  
CAGR '14-'18: 8%



Source: Micron and Industry Analysts

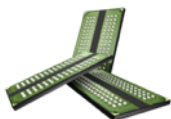
### Application Drivers

- Improved battery life, reduced form factors
- High resolution displays
- Security requirements

### Micron Technology Enablers

- Performance and cost-optimized DRAM technology
- Packaging technologies for energy-efficient stacked DRAM
- Security for non-volatile solutions

#### Main Memory



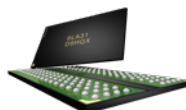
- Performance, Power & Size
- Battery life in Notebooks
- DDR3 → LPDDR3/4 & DDR4

#### NOR Flash



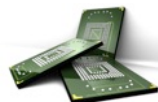
- BIOS complexity increasing
- New focus security

#### Graphics Memory



- Bandwidth for HD/4k Gaming
- Game consoles and Graphics cards
- GDDR5 & 2.5D solutions

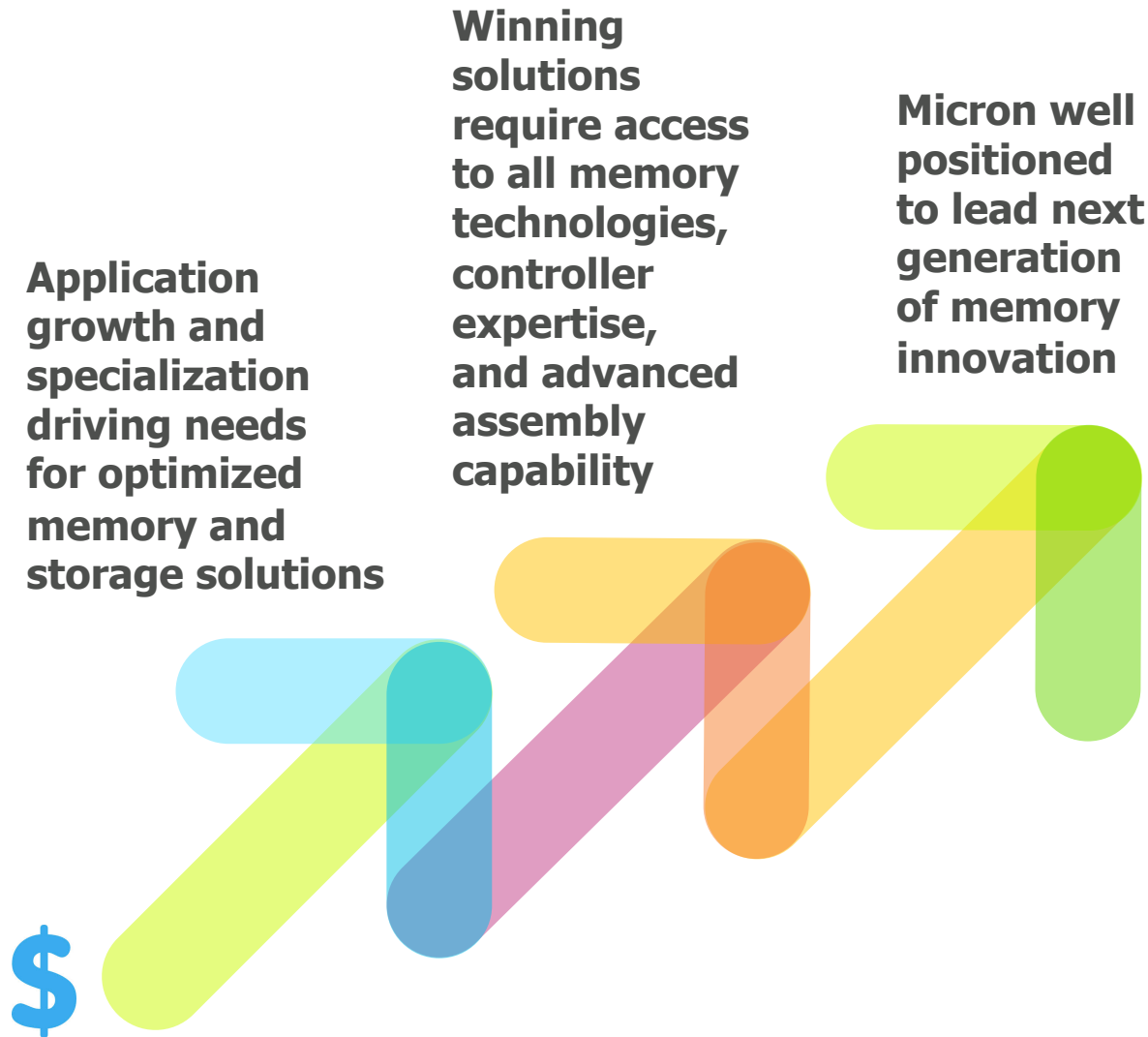
#### eMMC



- Low density storage
- Ideal for Gaming Consoles

# Memory Solution Evolution

## Specialization Driving Increased Value





POWERING  
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INNOVATION

# Q&A

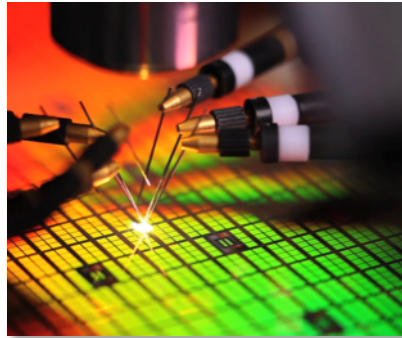
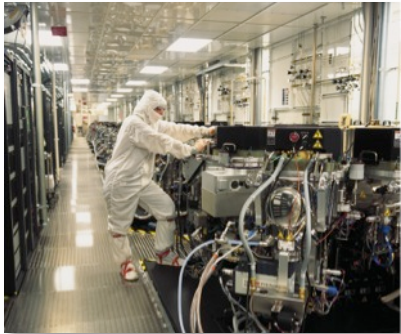


**Darren Thomas**

VP Storage Business Unit



# Micron's Storage Business Unit



## Redefining the Future of Storage



# Expanding Client SSD Engagement

## Micron Client SSD FQ3-14 Highlights

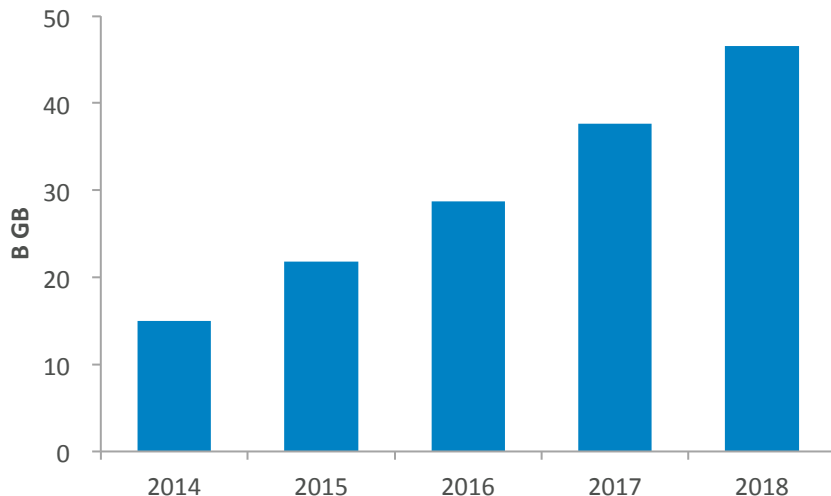
- 98% QoQ revenue increase on the M500, M510 & M550 in FQ3-14
- 84% QoQ increase in GB shipped in Client SSD
- Growth across all densities as SSD adoption rate increases, and significant unit growth in OEM

## Micron Client Portfolio Plays for All Market Segments

- We cover client with a portfolio of multiple form factors and densities
- Sampling next-gen M600 OEM SSD CQ4-14, TLC-enabled SSD CQ2-15
- Featuring the world's 1<sup>st</sup> 16nm SSD, the award-winning price & performance MX100



## Client SSD Market TAM



Source: Micron and Industry Analysts

## Client SSD Market Technology Drivers

- Costs near **tipping point** for premium clients
- Mobile **experience** driving notebook SSD adoption
- Software capability enabling **end-user tuning**
- HDD designed-out** with next-gen tech (PCIe, NVMe)



# Steady Growth in Enterprise SSD

## Micron Enterprise SSD FQ3-14 Highlights

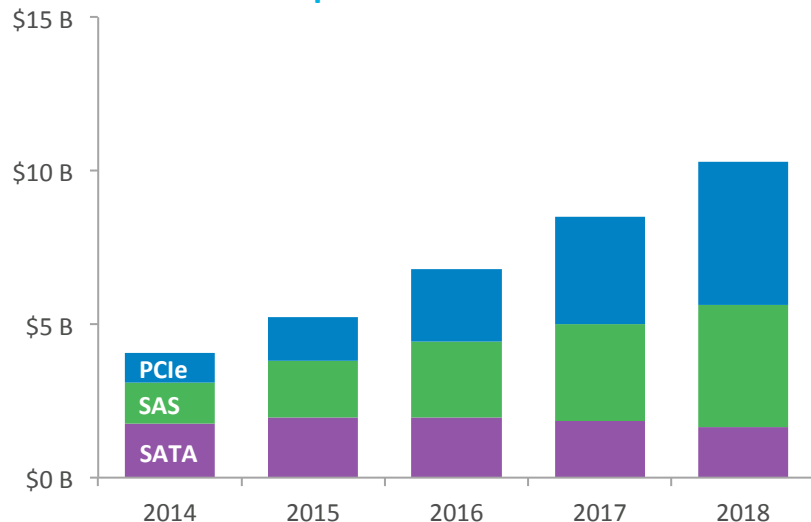
- Expansive portfolio in SATA, PCIe SSDs to serve diverse marketplace
- 58% QoQ revenue increase for Enterprise SSD in FQ3-14
- M500DC getting wins with hyperscale customers and private cloud end-users



## Micron Building Enterprise Customer Partnerships



## Enterprise Market TAM



Source: Micron and Industry Analysts

## Enterprise Market Technology Drivers

**All** active data moving to Flash

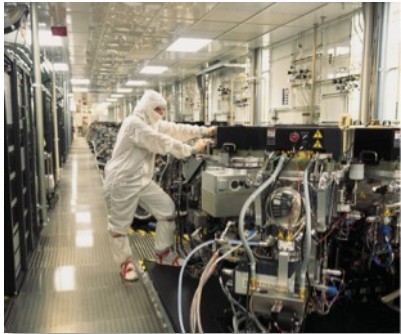
Inactive data going to **cold/cloud**

**Big data analytics** drives cold to active

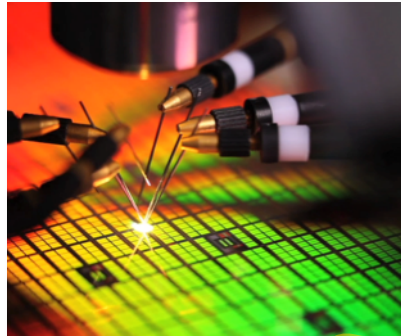
Flash enabling **lights-out** data centers

# Micron's Storage Business Unit

**NAND Technology  
Ownership**



**Next-Generation  
Planar & 3D  
Components**



**Expanding  
Enterprise and  
Client SSD Portfolio**



**Investing in Enterprise  
Storage Solutions**



**Redefining the Future of Storage**



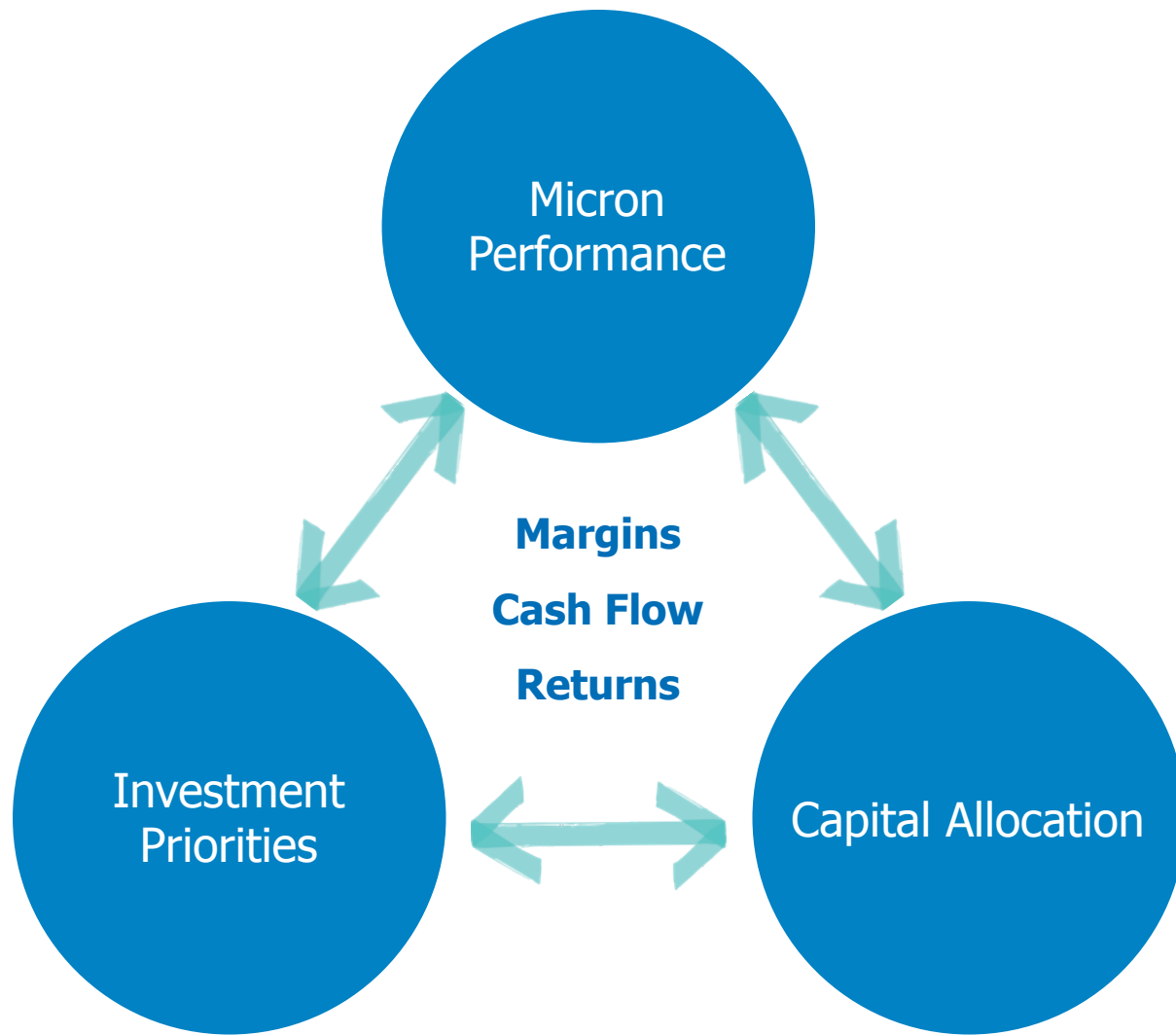
P O W E R I N G  
**CUSTOMER**  
I N N O V A T I O N

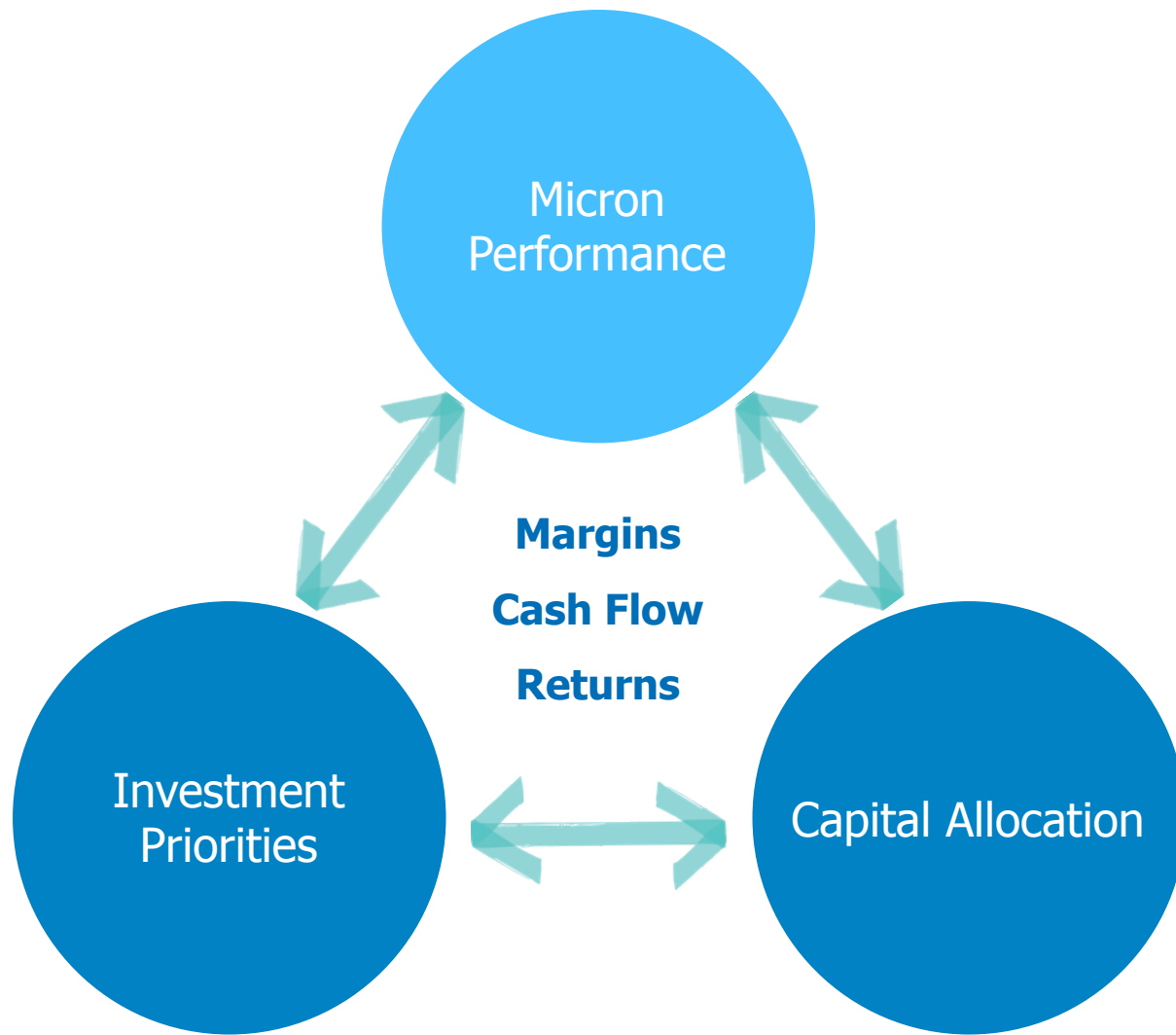
# Q&A



**Ron Foster**

CFO





# Strong Operating and Financial Model

## Capital Efficient Business Model

- High return on capital with shared partnership investments and low cost asset acquisitions
- Lower fixed costs generate higher income and ROA
- Low cash taxes and operating expenses

## Flexible Financial Model

- JV relationships and strategic partners share cost and market risk
- Flexible capacity can be shifted to meet market needs
- Diversified products and customer mix
- Balance sheet flexibility and greater access to global capital markets
- Capital expenditures can be modulated based on market conditions

2008



Micron purchases interest in Inotera Memories, a DRAM joint venture, from Qimonda

2009

2010



Micron acquires NOR manufacturer Numonyx

2011



New operating and tax structure

2012



Acquisition of Intel's interest in IM Flash (Singapore) and full output of MTV (Virginia)

2013



Inotera JV restructure – Micron gains rights to 100% of Inotera's output

2014



Micron acquires Elpida Memory, Inc.



# Micron's Performance

## Strengths

- **PP&E turns**
  - Low fixed costs, high operating cash flows
- **Tax structure**
- **Operating cash flow profile**

## Improvement Opportunities

- **Gross margin**
- **Inventory reduction**

Micron Performance		
	FQ3-13	FQ3-14
Revenue	\$2,318	\$3,982
Key Metrics <sup>(1)(2)(3)</sup>	Percent of Revenue	
Gross Margin	24%	34%
SG&A and R&D	15%	13%
Tax Expense	0%	2%
Net Income (Non-GAAP )	7%	23%
Asset Turns	0.90x	1.09x
ROA (Non-GAAP)	6%	25%
WACC	~9-10%	~9-10%

<sup>1</sup> Gross Margin, SG&A, R&D, Tax Expense are based on GAAP figures

<sup>2</sup> ROA calculated using Non-GAAP Net Income and Total Assets adjusted for Non-controlling Interest in Assets and ST/LT Cash, Marketable Investments, and Restricted Cash

<sup>3</sup> WACC sourced from Bloomberg

# Semiconductor Valuation Metrics

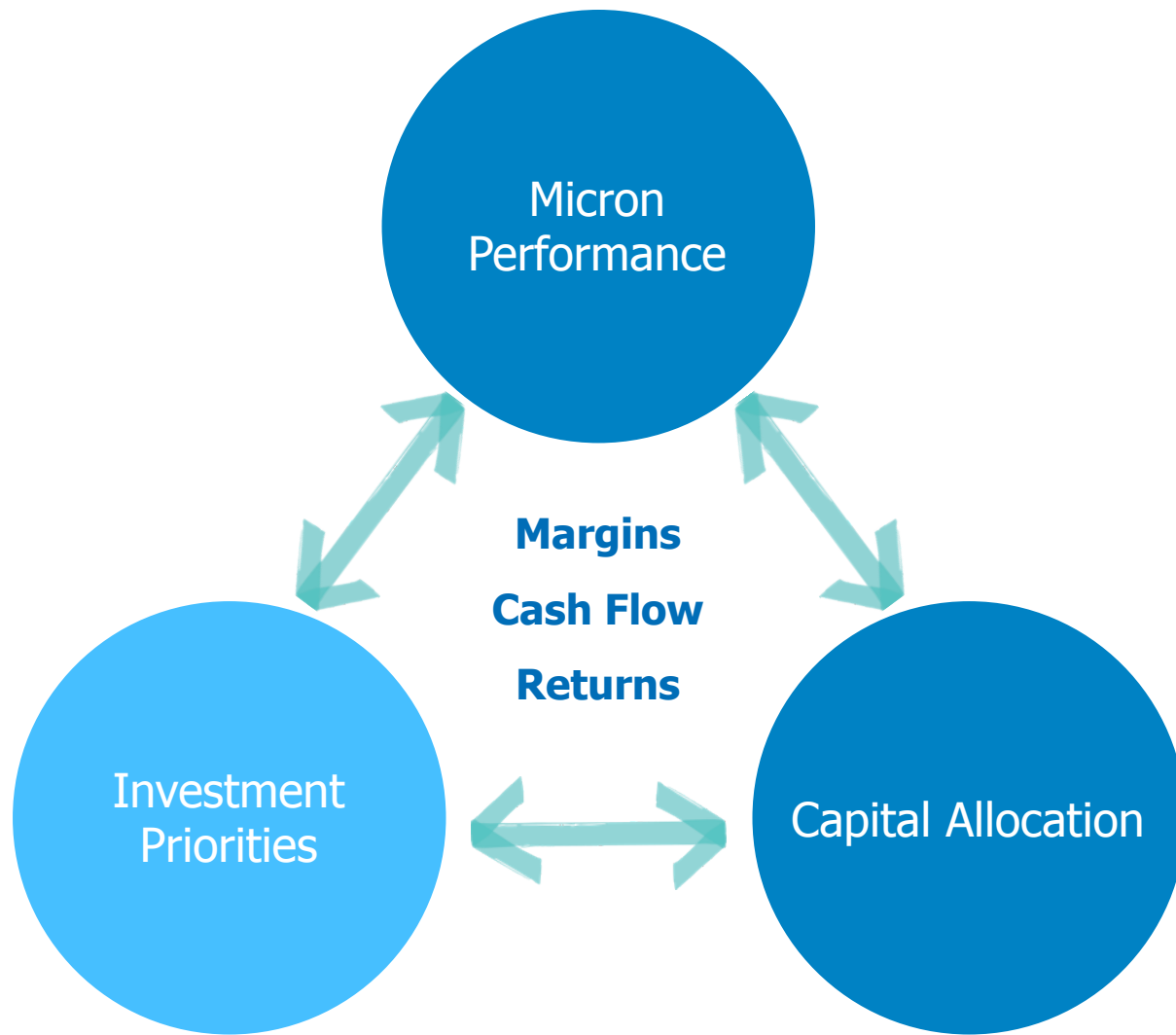
## Scale

Market Cap	CY 2014 Revenue	CY 2014 Net Income
\$167.8 B	Intel	Intel
\$123.6 B	Qualcomm	Qualcomm
\$104.6 B	TSMC	TSMC
\$49.9 B	TI	SK Hynix
\$32.7 B	<b>Micron</b>	<b>Micron</b>
\$31.9 B	SK Hynix	TI
\$25.5 B	AMAT	Broadcom
\$22.6 B	Broadcom	SanDisk
\$20.7 B	SanDisk	AMAT
\$20.1 B	ARM	NXP
\$17.5 B	Avago	Nanya
\$14.9 B	NXP	Xilinx
\$12.5 B	Infineon	Infineon
\$11.9 B	KLA-Tencor	Lam
\$11.4 B	Lam	KLA-Tencor
\$11.0 B	Xilinx	ARM
\$10.1 B	Altera	NVIDIA
\$9.8 B	NVIDIA	Altera
\$8.3 B	Maxim	Maxim
\$7.6 B	ST Micro	Avago
\$6.4 B	Nanya	ST Micro
\$1.1 B	Spansion	Spansion

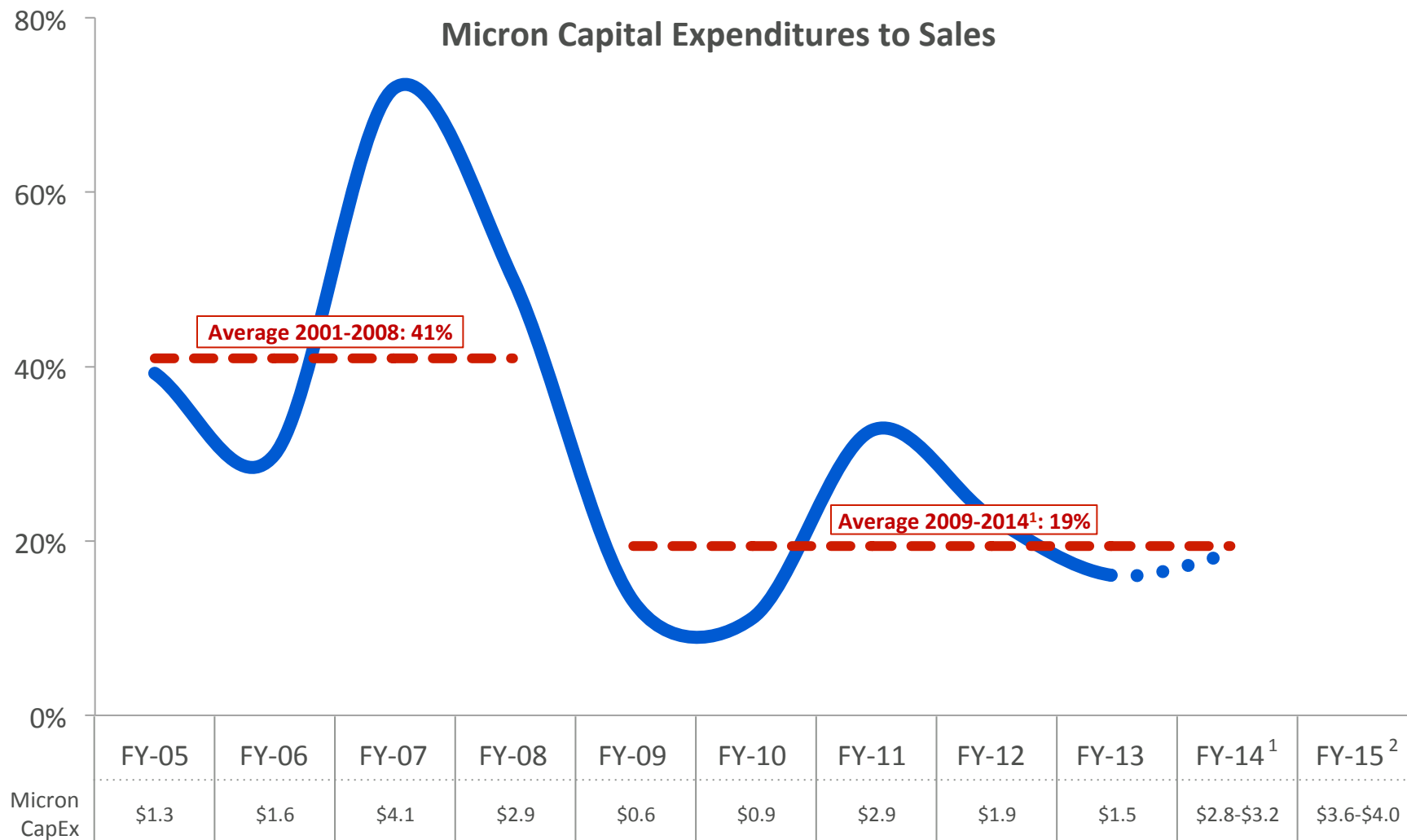
## Valuation

CY 2014 EV/EBITDA	CY 2014 EV/Revenue	CY 2014 P/E
27.4x	ARM	43.1x
14.2x	Altera	36.5x
14.1x	Broadcom	21.5x
12.4x	Avago	20.1x
11.5x	AMAT	19.7x
11.4x	Xilinx	19.6x
11.3x	KLA-Tencor	19.3x
11.1x	NXP	18.7x
10.8x	Qualcomm	18.1x
10.6x	TI	17.5x
9.4x	Maxim	17.5x
8.6x	Lam	17.2x
8.0x	Spansion	16.0x
7.8x	NVIDIA	15.6x
7.0x	SanDisk	15.5x
7.0x	Intel	13.9x
6.6x	Infineon	13.6x
6.4x	ST Micro	13.4x
6.4x	TSMC	12.5x
6.1x	<b>Micron</b>	<b>Micron</b>
4.2x	SK Hynix	9.1x
NA	Nanya	6.9x

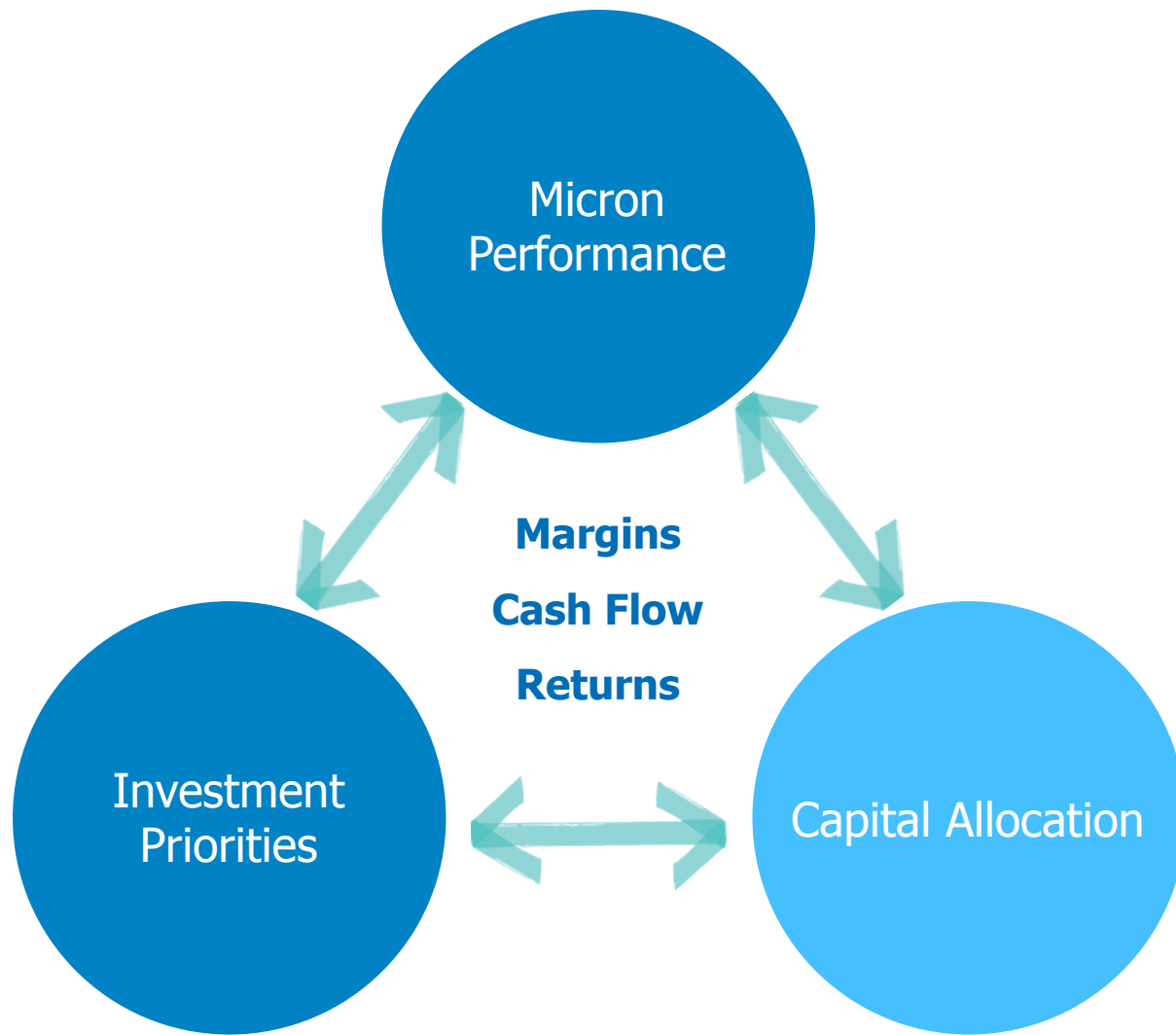
Source: FactSet as of August 01, 2014



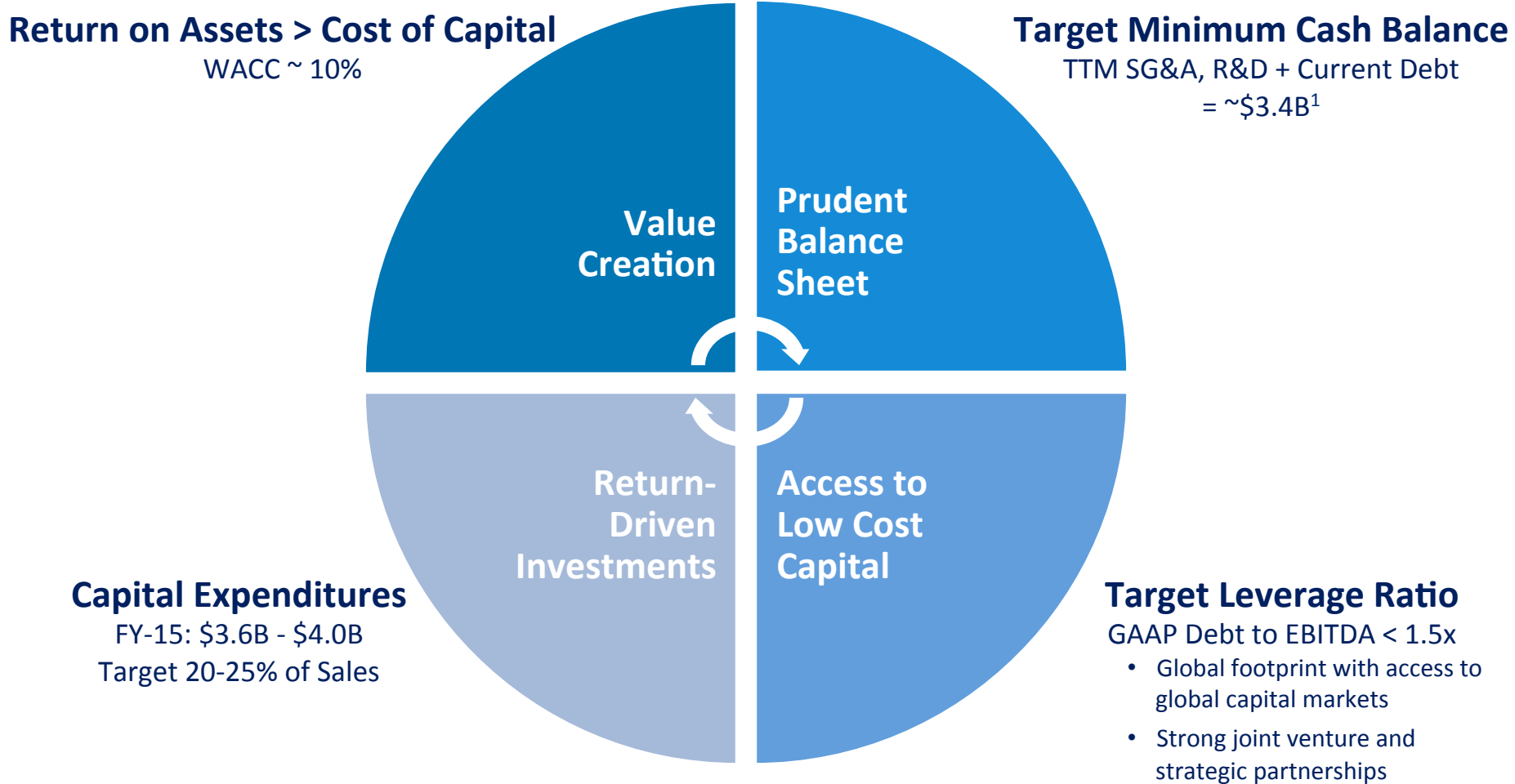
# Long-Term Capital Intensity Declining



1. Fiscal year 2014 CapEx to Sales estimate based on midpoint of CapEx guidance (\$3.0B) and Q1-FQ3 FY14 annualized sales figure. Annualized calculations may not be indicative of actual performance.
2. Fiscal year 2015 capital expenditures with estimated range of \$3.6-\$4.0B



# Efficient Capital Management

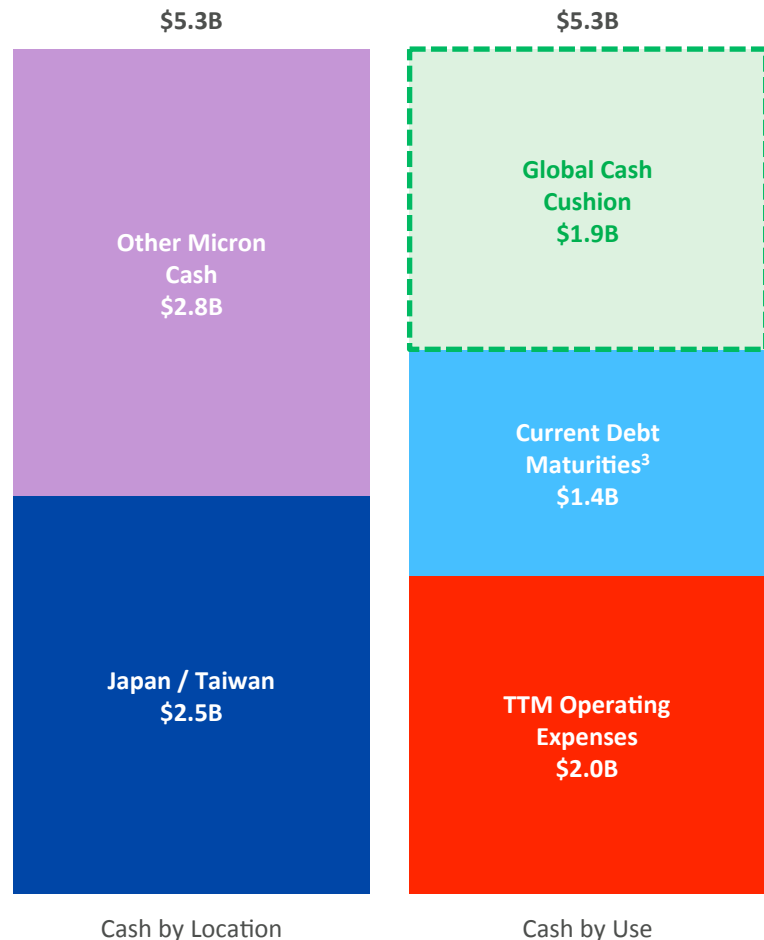


<sup>1</sup> TTM SG&A and R&D= \$2.0B; Current Debt = \$1.4B. Includes redemption of 2031 B Notes.

# Prudent Balance Sheet

## Pro-Forma FQ3-14 – Post \$1.15B High Yield Offering & Retirement of Notes<sup>1</sup>

Minimum Cash<sup>2</sup> Target = TTM Operating Expenses (SG&A and R&D) + Current Debt



### Japan / Taiwan Cash:

- “Cost plus” model reduces cash flow and risk in Japan
- Supports capital expenditures for technology migrations and debt obligations in Japan / Taiwan

### Other Micron Cash:

- > 50% is in the U.S.
- Cash outside of the U.S. supports operations and technology migrations in Asia and elsewhere

### TTM Operating Expense (SG&A and R&D):

- \$2.0B represents ~ 13% of TTM revenue

### Current Debt Maturities<sup>3</sup>:

- Includes ~\$0.54B in bonds that are convertible at right of holder but have put dates in 2018 (\$0.28B) and 2020 (\$0.26B)

1. Cash balance reflects the following adjustments subsequent to FQ3-14: (1) repurchase \$97M (\$28M principal) of 2032C Notes, (2) repurchase \$100M (\$30M principal) of 2032D Notes, (3) prepayment of \$50M capital lease, (4) net proceeds from high yield issuance of \$1.14B, and (5) redemption of \$396M (\$114M principal) of 2031B Notes.

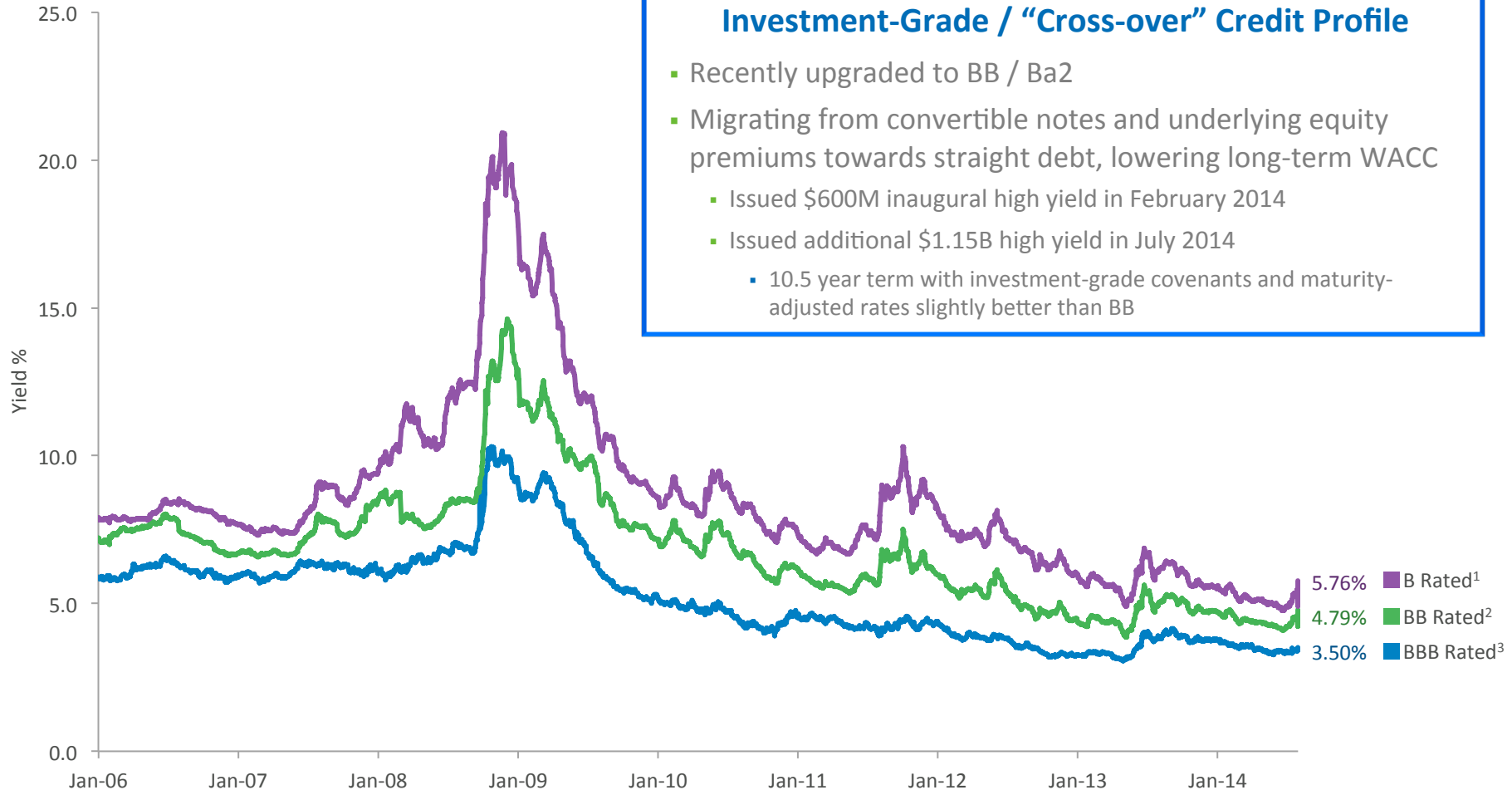
2. Cash includes cash and cash equivalents, short-term and long-term marketable securities.

3. Current debt maturities are GAAP values.

# Access to Low Cost Capital

## Select Bond Index Yields

2006 – July 31, 2014



1. Modified duration 4.68 years

2. Modified duration 5.36 years

3. Modified duration 7.16 years

Source: Yieldbook



# Dilution Management

- |  |   |   |  |
|--|---|---|--|
|  | <ul style="list-style-type: none"><li>• Repurchased \$26M 2031B, \$100M 2032C &amp; \$38M 2032D</li></ul> |   |  |
| <ul style="list-style-type: none"><li>• Exchanged \$440M 2027, 2031A/B for 2043G</li></ul> | <ul style="list-style-type: none"><li>• Redeemed \$485M 2014 Notes</li></ul>                              |   | <ul style="list-style-type: none"><li>• Repurchased \$28M 2032C</li></ul>  |
| <ul style="list-style-type: none"><li>• Redeemed \$95M 2027 &amp; \$190M 2031A</li></ul>   | <ul style="list-style-type: none"><li>• Issued \$600M inaugural high yield</li></ul>                      | <ul style="list-style-type: none"><li>• Repurchased \$60M 2032C</li><li>• Repurchased \$39M 2032C</li></ul> | <ul style="list-style-type: none"><li>• Repurchased \$30M 2032D</li><li>• Announced redemption of \$114M 2031B</li></ul> |
|  |   |   | <ul style="list-style-type: none"><li>• Issued \$1,150M high yield</li></ul>   |

FQ1-14

FQ2-14

FQ3-14

FQ4-14

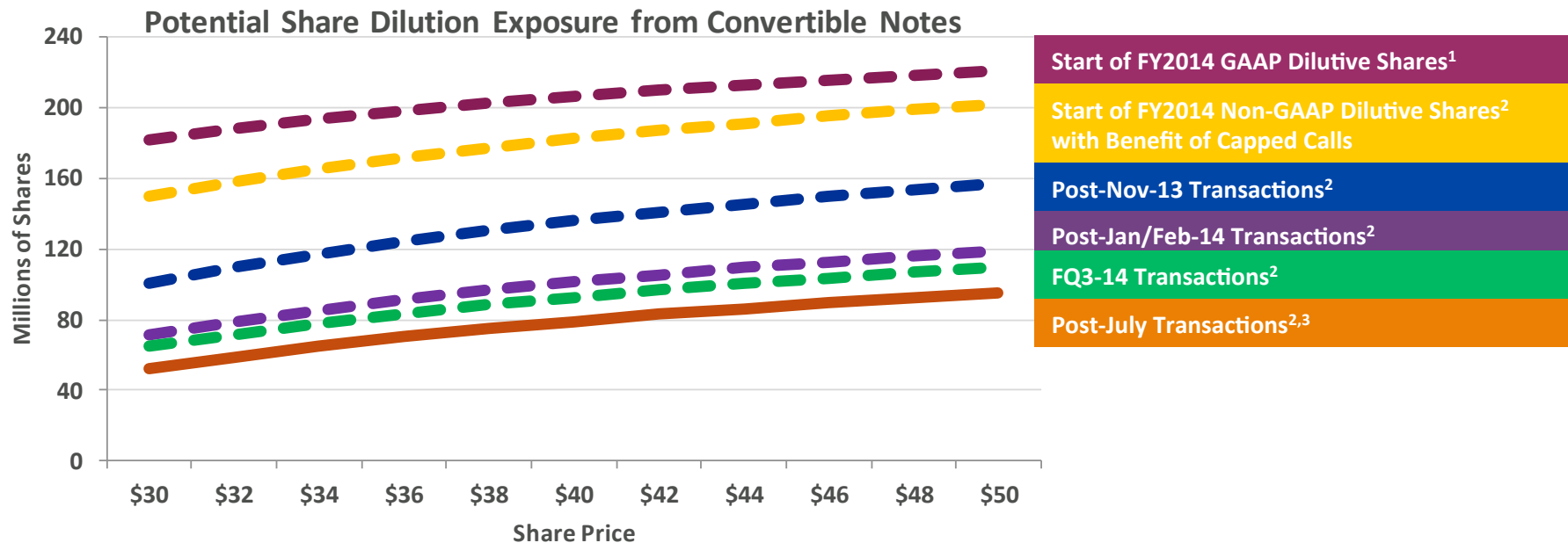
Metered approach to convertible dilution management  
as we operate within target ranges for debt and cash

Note:  
Exchange, redemption and repurchases reflect face amounts only

# Current Return Model

Focus on reducing dilution associated with converts and longer-term de-levering of balance sheet

- Micron has utilized ~83% of FCF, or approximately \$2.1B, through FQ3-14 for convertible restructuring transactions
- In total, Micron has reduced dilution associated with convertible notes by ~ 102M shares (~8% of diluted shares)<sup>3</sup>



<sup>1</sup> Does not include benefit of capped calls

<sup>2</sup> Includes the benefit of capped calls

<sup>3</sup> Transactions subsequent to FQ3-14 include: \$28M principal repurchase of 2032C Notes, \$30M repurchase of 2032D Notes, and \$114M principal redemption of 2031B Notes

# Capital Allocation

## Focus on Long-Term Value Creation

Return on Assets > Weighted-Average Cost of Capital

- Invest for operating efficiency
- Invest for value-added solutions

## Return of Capital Framework

Establish Target Capital Structure	Focus on Dilution Management Until Targets Achieved	Review Return of Capital Policy Annually
<ul style="list-style-type: none"><li>▪ Cash &amp; liquidity</li><li>▪ Leverage</li><li>▪ Long-term investment grade / “cross-over” credit profile</li><li>▪ Migrate debt profile to straight debt<ul style="list-style-type: none"><li>• Low to mid single-digit percent economic dilution from convertible notes</li></ul></li></ul>	<p>FY 2014:</p> <ul style="list-style-type: none"><li>▪ Utilized 83% of FCF through FQ3-14</li><li>▪ \$197M of convertible repurchases in FQ4-14</li><li>▪ Announced \$396M redemption of 2031B Notes<sup>1</sup></li></ul> <p>FY 2015:</p> <ul style="list-style-type: none"><li>▪ Continued focus on dilution management (convertible notes and/or stock) while reshaping balance sheet</li></ul>	<p>FY 2016 and Beyond:</p> <ul style="list-style-type: none"><li>▪ Maintain target capital structure</li><li>▪ Possible uses of excess capital:<ul style="list-style-type: none"><li>• Dilution management</li><li>• Stock repurchases</li><li>• Dividends</li></ul></li></ul>

1. 2031B Notes redemption assumes cash settlement at \$33.00 stock price

# Adjusted EBITDA Reconciliation

Amounts in millions	FQ1-FQ3 2014
Net Income	\$ 1,928
Interest expense, net	248
Provision for income taxes	215
Depreciation and amortization of property, equipment and intangibles	<u>1,550</u>
EBITDA	3,941
Income from equity method investees	(355)
Restructure and asset impairments	18
Loss from asset dispositions or other impairments	11
Loss from changes in currency exchange rates	25
Stock-based compensation	81
Adjustment to gain on Elpida Acquisition	33
Flow-through of Elpida inventory step up	153
Loss on debt restructure	171
Legal settlements	<u>233</u>
Adjusted EBITDA	4,311
	<u>x 4 / 3</u>
Annualized Adjusted EBITDA <sup>1</sup>	\$ 5,748

1. Consolidated Micron financial results for FQ1-FQ3 2014 on an annualized basis. Because annualized Adjusted EBITDA is based solely on our historical results for the nine months ended May 29, 2014 and does not fully reflect the effect of a number of factors that typically affect our results of operations over a longer twelve-month period, such as seasonality and changes in average selling prices, it is not representative of our results of operations that might be obtained over a full twelve-month period. Annualized Adjusted EBITDA is not intended to be an estimate or forecast of future results and no assurance can be given with respect to our ability to generate comparable levels of Adjusted EBITDA in the year ending August 28, 2014.

# Non-GAAP Net Income Reconciliation

Amounts in millions	FQ3-13		FQ3-14	
GAAP net income attributable to Micron	\$	43	\$	806
Non-GAAP adjustments:				
Elpida acquisition costs		2		-
Restructure and asset impairments		55		9
Amortization of debt discount and other costs		28		36
Loss on restructure of debt		-		16
(Gain) loss from changes in currency exchange rates		45		5
Estimated approximate tax effects of above items		(8)		(8)
Non-cash taxes from Elpida purchase accounting		-		49
Total non-GAAP adjustments		122		107
Non-GAAP net income attributable to Micron	\$	165	\$	913

# Non-GAAP Asset Reconciliation

Amounts in millions	FQ3-13	FQ3-14
Beginning of period:		
GAAP, total assets	\$ 13,912	\$ 20,615
Cash, current and noncurrent marketable investments	(2,774)	(5,056)
Current and noncurrent restricted cash	(2)	(65)
Noncontrolling share	(869)	(895)
Non-GAAP total assets	10,267	14,599
End of Period:		
GAAP, total assets	\$ 14,055	\$ 20,495
Cash, current and noncurrent marketable investments	(2,899)	(4,810)
Current and noncurrent restricted cash	(1)	(62)
Noncontrolling share	<u>(896)</u>	<u>(948)</u>
Non-GAAP total assets	<u>10,259</u>	<u>14,675</u>
Non-GAAP average total assets	\$ 10,263	\$ 14,637



P O W E R I N G  
**CUSTOMER**  
I N N O V A T I O N

# Q&A



# Mark Durcan

## CEO





**Micron** –  
the world's  
best memory  
supplier

- Continuing favorable industry structure and market conditions
- Investing in a prudent and measured fashion to fuel cost efficiency and product enablement - not focused on bit market share
- Driving operational improvements
- Developing innovative leading-edge technologies
- Targeting value-added market segments and structural gross margin improvements
- Building a strong financial model
- **Focusing on optimizing value for our shareholders and worldwide customers**



POWERING  
**CUSTOMER**  
INNOVATION

# Q&A

